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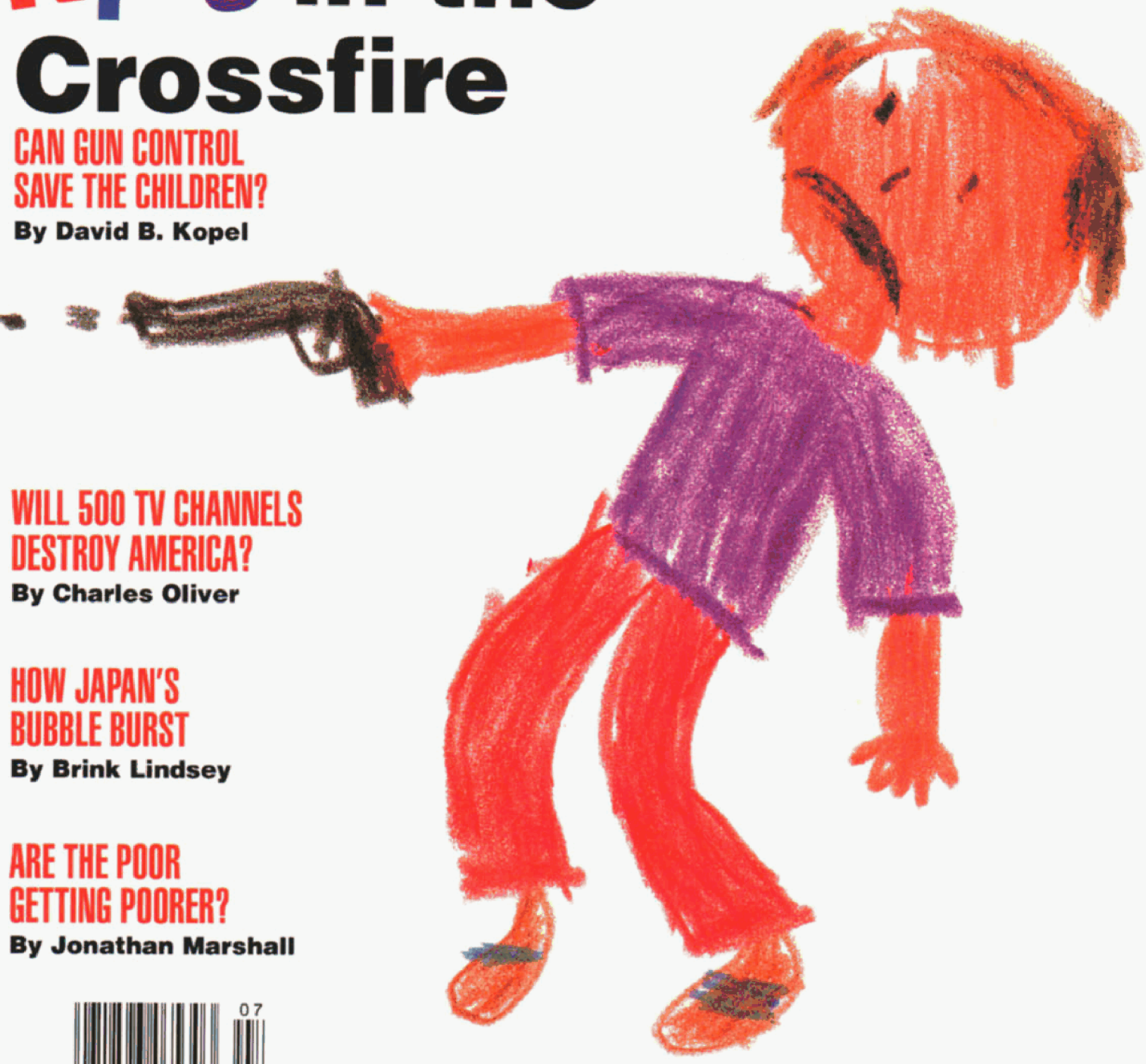

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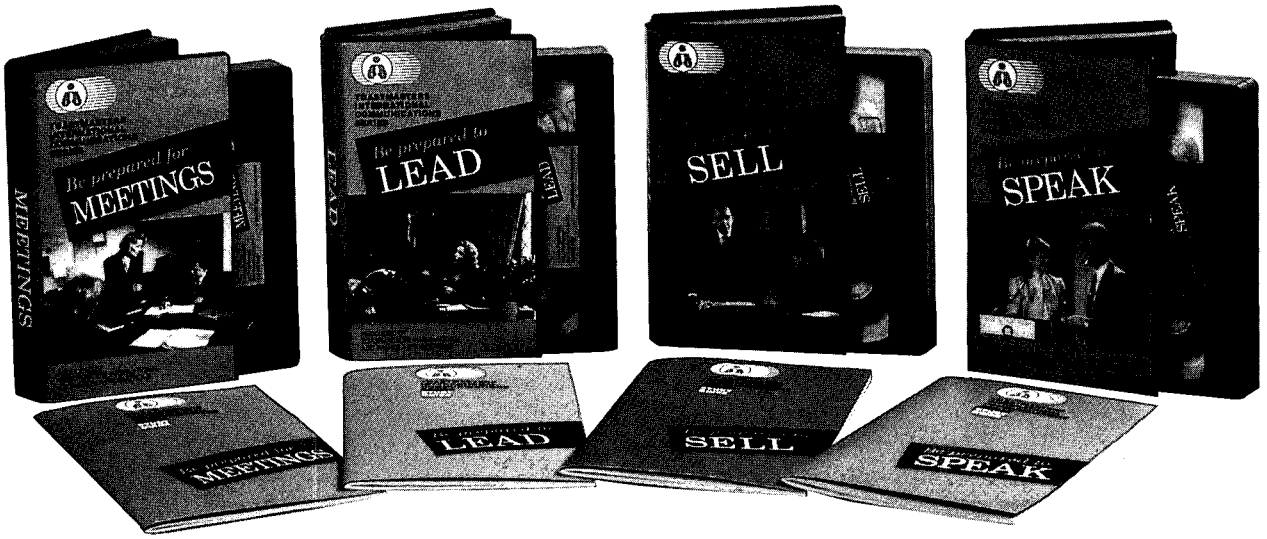

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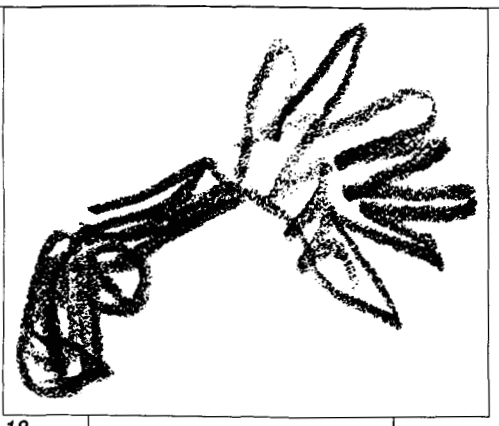

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SYSTEM OVERLOAD

VIRGINIA I. POSTREL

Bill Clinton has begun to babble. This is what he said at a shopping mall in Cleveland:

"We've got a lot of complicated problems. And I know—I knew when I got there it wasn't going to happen overnight. I tried to make it happen overnight. I've been criticized for doing more than one thing at once. I've always felt—can you do one thing at once? Can you do—wouldn't it be nice if all you had to do was go to work and not take care of your family? Would it be nice if you could pay your bills and not earn any money to pay them? I don't understand this whole—you can't do one thing at once. But anyway, that's what they say."

Yes, the once-articulate president's circuits have definitely overloaded. Analysts cite falling poll numbers to explain the sudden lack of coherence. "A rising percentage of the public thinks he's losing control," declares Ted Koppel.

But something deeper and more important than shrinking popularity is at work. Bill Clinton—the smart guy with a policy prescription for every ill—has run headlong into the U.S. Constitution. Clinton is stretched too thin not because he has the wrong personality or the wrong chief of staff but because U.S. presidents just aren't supposed to do so much.

Even Alexander Hamilton, that advocate of "energy in the executive," never envisioned a president with a policy on how long businesses should let employees off to care for children or how much doctors should charge for their services. Even Hamilton didn't hold the executive responsible for every job in America—much less for laws on the width of bathroom doors or the proper size of apricots.

Tariffs or no tariffs, war or no war, high taxes or low taxes, tight money or loose money—those were the sorts of broad questions the American government was designed to deal with. And it wasn't supposed to "make it happen overnight." The Constitution purposely promotes deliberation and gridlock. No wonder Clinton is going crazy.

So are the rest of us. We are in the midst of an unacknowledged constitutional crisis. The official forms of government, the ones set up in 1789, do not fit the current functions. The system is overloaded.

Members of Congress spend their days literally running from committee to committee, with hearings often scheduled simultaneously. Except in rare instances, the floor debate is a sideshow for C-Span junkies. Members carry pagers that warn them of up-coming votes—in which they pass bills hundreds of pages long that no one has read from start to finish.

Some people think the 15,000-plus congressional staff members are running the country. But that can't be the case, since Congress so often leaves the meaning of laws up to regulators and courts. What does "reasonable accommodation" of disabled employees require? Nobody knows.

No human being—not the president, not 100 senators, not 435 representatives—can master the details of thousands of pages of bills and millions of pages of regulations. As a result, law making takes place in the shadows, mysteriously. And the people grow suspicious.

Tapping those suspicions and taking a cue from Ross Perot, President Clinton has been attacking lobbyists lately. "The more we seek to change things the more we draw lobbyists to Washington to see if they can stop the change," he complains. "To be sure, these lobbyists often represent points of view that genuinely deserve to be heard. And we in government often benefit from their views. But there are times when these powerful interests turn debate into delay, and exert more influence over decisions in Washington than the people we were elected to serve do." His solution: drastic restrictions on campaign contributions and political speech, plus tax funding for campaigns and vouchers for commercials.

But attacking lobbyists doesn't solve the problem. It exacerbates it, by further undermining the nation's constitutional design.

Nobody wants to admit it, but lobbyists are as constitutionally protected as journalists or preachers. The First Amendment declares quite absolutely that "Congress shall make no law...respecting...free speech...or the right of the people peaceably to assemble and to petition the government for a redress of grievances."

The Framers didn't envision the family-leave bill, but they did envision lobbyists. James Madison's famous essay in *Federalist 10* is all about special interests. But Madison sought to check faction with faction, not to restrict the liberty to lobby: "Liberty is to faction what air is to fire, an aliment without which it instantly expires. But it could not be a less folly to abolish liberty, which is essential to political life, because it nourishes faction than it would be to wish the annihilation of air, which is essential to animal life, because it imparts to fire its destructive agency." In Madison's design, gridlock would save Americans from the tyranny of special interests.

Today's problem isn't that people lobby. It's what they can lobby for and

what they must lobby against. It is politicians dedicated to government action in a system dedicated to government restraint. Lobbyists are expensive specialists, the products of a system that governs every detail of life. If the din of experts drowns out the voices of naive petitioners, that doesn't prove ordinary folk don't need lobbyists. It only proves they can't afford them.

In the press conference announcing his campaign-finance program, the president made a remarkable statement. He said, "I wish we could give people more control over their lives not less."

If he'd follow through on that sentiment and relinquish to the private sphere some of the details of life, Clinton could not only reduce public cynicism. He could get his voice back.

A MATTER OF TIME

JACOB SULLUM

Masada is the hilltop fortress in southern Israel where 400 Jewish rebels committed mass suicide in 73 A.D. rather than surrender to the Romans. It is the site where Israeli soldiers take their oaths and where Jewish tourists stare at the plain below and contemplate the heroism of their ancestors. It is an enduring symbol of defiance that has inspired Jewish resistance throughout history.

The charred ruins of the Branch Davidian fortress outside Waco, Texas, will have a very different legacy. It's instructive to ask why.

Let us accept, for the sake of argument, the official story of how the Davidians met their fiery end. Many people will reject the parallel between Masada and Waco, arguing that Eliezer ben Yair's zealots had a just cause, while David Koresh's followers had only delusions. The implication is that the Davidians, unlike the Jews at Masada, deserved to be under siege in the first place. Others will argue that both mass suicides were immoral, especially since they involved children.

But from a historical perspective, the Waco tragedy fails the Masada test mainly because there aren't enough Branch Davidians left to preserve a positive memory of it. That observation casts doubt on the conventional wisdom about the nature of cults. To judge from coverage of the Waco affair and anti-cult propaganda in general, there are clear differences between legitimate religions and groups like the Branch Davidians. A closer look reveals that the main difference is time.

A group's beliefs and practices can influence its longevity (witness the Shakers), and not every cult becomes a religion. But those that stick around long enough do. Were it not for the BATF and the FBI, Koresh's followers might have made it. Mormons, Seventh-Day Adventists, and Christian Scientists were once considered just as nutty as the Branch Davidians. Today they are more or less respectable, and eventually they may even attain Presbyterian status. Their practices may have changed a bit (the Mormons gave up plural marriage), but their underlying beliefs remain just as strange to an outsider.

For that matter, the tenets of such well-established religions as Judaism and Roman Catholicism seem normal only because we're used to them. Viewed afresh, they are no less weird than the idea that a seemingly ordinary man is actually God and can come back to life after the government kills him. (Actually, that one sounds familiar.) And the damage caused by truly respectable religions—especially those accepted by intolerant majorities—has been far greater than the damage caused by cults.

This is not to say that we cannot make valid moral distinctions among religious groups. But those distinctions have little to do with whether a group is called a cult or a religion. Instead, we should ask if the group uses force or fraud for profit or to gain and keep followers. Some cults probably do, but so do some mainstream religious groups (PTL comes to mind).

Fraud does not mean simply contradicting what some take to be religious truths, and force does not mean emotional pressure or persistent efforts at persuasion. Otherwise, all groups that proselytize would be beyond the pale.

In this light, what was it that made the Davidians intolerable? The psychiatrist who interviewed the children released from the compound before the fire told the Associated Press he found no evidence of sexual abuse. Nor did Texas authorities who looked into the allegations last year. But given the outrageous things that the press and public were willing to believe about mild-mannered preschool supervisors in California and New Jersey, it's not surprising that they will readily accept unsubstantiated charges of child abuse leveled at a fringe group.

For much of the press, the very lifestyle of Koresh's followers constituted abuse: spartan quarters, little contact with the outside world, military-style drills, and strict discipline, including paddling. The Davidian compound was "a twisted universe completely dominated by David Koresh," *Newsweek* asserts. "The cult leader controlled everything," reports *The New York Times*, including "school, play and even diet."

Any demanding religion can be made to seem sinister. Hassidic Jews, for example, obey and revere their leader, limit outside contact, run their own schools, and even *dictate what their kids may eat*. Does the *Times* know about this?

Lurking beneath the easy contempt for cults is contempt for other people's religions (or for religion in general). It's a surprisingly common attitude in a nation that was founded largely by religious oddballs.

Moving on... After nearly five years at REASON, Charles Oliver has moved to *Investor's Business Daily,* where he is covering California policy issues. Charles continues to write Brickbats for REASON and will contribute occasional articles on popular culture. We wish him the best.

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LETTERS

Inquiring Minds

Jonathan Rauch's article ("The Truth Hurts," Apr.) is wonderful and much needed in this P.C.-fogged climate. Maybe the following summary of it should be printed on banners to be hung on every university's front gate and in every science classroom: "ALL QUESTIONS ARE VALID, ALL ANSWERS ARE TENTATIVE."

Bob Bajor
Annandale, NJ

JONATHAN RAUCH'S ARTICLE rests on a single thesis: that scientific inquiry cannot be carried on without the use of hurtful language, which must therefore be allowed without constraint. Suppose that it were true that hurtful words in the context of science are, like tornadoes and taxes, unavoidable hazards of life that must be endured. I would then agree with him: For the sake of truth, we would be obliged to tolerate the most unbridled verbal abuse. Certainly I agree that for the sake of free speech, every sort of language short of the classical shout of "fire" in a crowded theater must have legal protection. But Rauch's thesis is false.

It is simply not true that scientific inquiry requires hurtful speech. There are always linguistic resources available for expressing truths—even unpleasant truths—without causing any pain other than that which is inevitably associated with knowing that one has made an error, a pain that is entirely independent of the truth itself. The use of hurtful speech is not some tool of science; it is laziness and incompetence. It is a demonstration that the speaker isn't willing to take the trouble to construct a non-hurtful utterance or is too unskilled linguistically to do so.

All verbal abusers rely on the old "sticks and stones will break your bones, but words will never hurt you" myth; it's much easier to indulge their habit if they can claim that their victims have no right to plead injury. Rauch has carried this much farther, however, seeking as he does to establish that "the notion that hurtful words are a form of violence" is "a dreadful error." He would like to dress the old myth up in the clothing of intellectual respectability.

I would suggest that he take a long and careful look at current research in psychoneuroimmunology, which has proved beyond all question that the primary sources of both morbidity and mortality for all diseases and injuries in our society, across the board, are hostility and loneliness, both of which are created primarily by language. Rauch says "a very dangerous principle is now being established as a social right: 'Thou shalt not hurt others with words.' " The problem is that once it has been proved that the damage hurtful words do is as real as the damage done by weapons and speeding trucks—and that *has* been proved—this "dangerous principle" is just as valid as "Thou shall not hurt others by shooting at them and running them over."

You cannot forbid physical violence and permit verbal violence. Both rest on the single principle that one individual has the right to cause another individual pain. If we tell our children that when others are hurt by their words, it's because something is wrong with their victims, that is a license to do harm. We should not then be surprised when they conclude that those they harm physically are equally without rights.

We are suffering today in the United States from the effects of an epidemic of violence; there is no greater threat to our society than this epidemic. We profess amazement when youngsters who have maimed or raped or killed show no remorse. If we are going to insist that causing others pain is one of the privileges of life, it is both hypocritical and absurd to expect them to feel remorse.

No doubt Rauch would protest that I have taken a thesis he intended to have applied to the context of scientific inquiry and have extended it to thugs on the street and batterers in the home. Indeed I have. There is no way to set up a license to do harm and restrict it to the scientific elite—not when the mechanism of harm is language, which is freely available to every human being at every level of society.

Certainly the obligation to take responsibility for the consequences of one's language behavior, instead of dumping it on one's listeners, is an inconvenience. It requires one to think before one speaks, for example. But such inconveniences are part of life in a democracy, and the obligation must be assumed.

Finally, I would like to ask Rauch to consider the potential effects of his statements when they are—as they inevitably will be—taken out of context and trumpeted by the media and by the ideologues. He has a gift for the pithy aphorism and the apt "sound bite." When his clever sentences are not surrounded by the thickets of verbiage that profess his good intentions, they are the precise equivalent of shouting "fire" in a crowded theater.

Suzette Haden Elgin
Huntsville, AR

I ENJOYED JONATHAN RAUCH'S excellent article about the various politically correct attacks on free inquiry. I found his arguments persuasive, and I agree with most of his conclusions.

But Mr. Rauch ignores some important points about the controversy regarding the Louisiana law that the Supreme Court overturned in *Edwards v. Aguillard.* In his dissent, Justice Antonin Scalia held that the state of Louisiana had the constitutional right to require that equal time be given to scientific creationism if evolution was taught. Scalia reasoned that the state of Louisiana could choose to further academic freedom by presenting both sides of this controversial issue.

Scalia felt that the Court's majority position, by not allowing Louisiana to present both theories, was repressive. Mr. Rauch counters that if states may pass laws requiring equal time for scientific creationism, then, by the same reasoning, they should pass laws requiring equal time for astrology and other sincerely held minority beliefs.

The Supreme Court's task in this case, of course, was to say whether Louisiana's law was constitutional. I am unable to find anything in the Constitution that would prevent the state of Louisiana from instructing public schools to teach that the earth is flat. As far as I can tell, scientific creationism and the flat-earth theory have about the same scientific status, and if I lived in Louisiana I would be disinclined to vote for the moron who came up with a law requiring that either be taught in the public schools. I would not, however, welcome a ruling from the U.S. Supreme Court overruling him, since he is, after all, a duly elected moron, and Louisiana deserves him until the next election.

Moreover, Mr. Rauch fails to consider the special status of the public-school system. The vast bulk of the funds available for education in the United States are confiscated by government, both local and national, to support the public-school system. For most people of modest means the public schools are the only economically viable school option. The public schools are creatures of the government, and the curriculum they offer is politically dictated.

To appeal to academic freedom, saying the curriculum must be left to individual teachers or schools, is naive and often disingenuous. States pass countless laws specifying what must be taught: Spanish in first grade, algebra in middle school, sex education, music, you name it. What's more, the public-school curriculum *should* be dictated by the government. The state has, after all, taken people's money to pay for those schools, and it is responsible for what goes on in them.

Liberal inquiry requires that crackpots be tolerated. They need not be listened to; they need not be afforded equal status or admitted to the club of academic respectability. They can safely be ridiculed; in fact, they ought to be ridiculed. This is how liberal inquiry sorts out ideas. But they must be allowed to exist. Some of them will someday be admitted to the club, and somebody else will be thrown out. This is simply necessary for any progress to be made. Most new ideas start out as crackpot ideas.

But the coercive centralization of education represented by the public schools is a deliberate attempt to prevent crackpots from propagating their kind. Mr. Rauch might say that any attempt to correct this will make the public schools a political football, but I would counter that it is simply inevitable that the public schools will be the center of political squabbling. If we are to retain the public schools as we currently understand them (and it is not clear that we should), then we must apply *political* tools to these *political* problems.

This brings us back to the problem Justice Scalia faced. The only way that the citizens of Louisiana could control what their children were taught was to elect representatives who would dictate the desired curriculum. The fact that the state legislature went to the trouble of passing a law requiring the teaching of creationism suggests that, in Louisiana at least, creationism was a respectable part of the general consensus.

The price the public-education establishment must pay for its virtual monopoly on education is to lose control of the curriculum to the democratic process. This is not as good as true academic freedom, but it is the best that can be accomplished within the framework of the public schools. Justice Scalia was right.

Allen Lee Haslup
Cary, NC

JONATHAN RAUCH IS TO BE commended for pointing out that science is a messy and sometimes very personal activity. While people who "do science" are stereotypically described as aloof and unemotional, it was clearly the height of emotional attachment to an idea that drove the physicist Ludwig Boltzmann to suicide.

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The history of science is strewn with examples of competing orthodoxies maneuvering to get the upper hand and, most importantly, the money. Historically, scientists are no more defenders of free inquiry than businessmen are of free trade. They are real people and, as Boltzmann's example reminds us, are as frail and callous and self-interested as any of us.

The rules of free inquiry have not been upheld by the scientific community so much as by the intellectual community (they are not the same). Much as economists have in the past, by and large, defended free trade, intellectuals, including the various justices of the Supreme Court, have had to defend open debate in the sciences. Scientists will usually only do battle when their personal work is at stake. In other words, they're people too.

I have one small complaint though. Statements like "I am opposed to every statement of positive truth and every man who states it" is a positive statement about the world. "No final say" is, in fact, the last word. It is a statement about the world and a claim of knowledge. Even the statement that nothing is knowable is a positive statement.

I share the same fear Rauch has regarding the opponents of free inquiry. But if Rauch wants to argue that we can't make positive claims about knowledge, he will not be able to effectively confront the barbarians, who have no difficulty claiming cultural superiority. We Westerners *know* words are not bullets. We have to stand our ground with certainty. As P. J. O'Rourke likes to say, the Romans didn't run multicultural orientation sessions for handling the Huns.

Of course, everything is up for some questioning, but there are some truths, even scientific ones, that in my mind the issue is closed on. The most important one: Freedom is necessary for science to be done well. That is not arguable, and we had better start standing up and saying it with conviction, or we'll all start to sound like George Bush.

Daniel Salem
Fresno, CA

JONATHAN RAUCH HOLDS OUT a philosophical ideal of liberal inquiry and then proceeds to criticize others on the assumption that the ideal holds in practice and that they must therefore be acting based on a contrary ideal. We need to understand how the scientific establishment actually operates before we accept its conclusions.

In *The Structure of Scientific Revolutions*, Thomas Kuhn noted that once ideas become dominant within a scientific community, facts that don't square with them have a way of getting shunted aside or even changed to fit the ideas. After the phlogiston theory fell out of favor, the weight of phlogiston/oxygen that had worked for decades was suddenly found to be "wrong" and changed to fit the new theory. Historically, we find that scientists rarely give up their commitment to a dominant idea. The young become enamored of a new idea, and the old die off. The man credited in the textbooks with the discovery of oxygen, Joseph Priestley, went to his grave believing in phlogiston.

We find the political intruding on the scientific within the community of scientists. The story of finding the weight of the electron is a story of scientists massaging their data so as to not differ too greatly from (what is today thought to be) the wrong answer given by a prominent physicist.

In this light, we may be justified under the liberal ideal in challenging consensus findings. If two groups both calling themselves scientific communities spring up in parallel and reach different conclusions, we have no way of adjudicating the superiority of one group's ideas over the other's. This, by the way, supports the dissent in *Edwards v. Aguillard* that troubles Rauch.

Khomeini, far from providing "a defining moment," is a straw man in this debate. Many thoughtful people who criticize the scientific establishment appear to me to be operating from the ideal that Rauch espouses. They criticize the establishment because it doesn't live up to the liberal ideal. Rauch has confused the myth our culture teaches about science with the reality of fallible, political people employed as scientists.

Kennard Thompson Wing
Havertown, PA

Mr. Rauch replies: Yes, words can hurt; we don't need psychoneuroimmunology to tell us that. Words often hurt even when we mean them to help, and certainly when we mean them to criticize. Suzette Haden Elgin is naive if she thinks that politeness can make the search for knowledge painless. There is no way to make people feel good about hearing, "Your work is awful." At best you can make people feel less hurt, which is not necessarily a good idea, since if the work is really awful, then somebody had better say so.

Given that words can hurt, the question is, what do you do about that? Do you, or don't you, establish a social or governmental authority to quash hurtful words and punish their perpetrators? That's the point where Ms. Elgin's argument dismembers itself.

Ms. Elgin wants to have it both ways. She says at first that she supports broad legal protections of words, "for the sake of free speech." But then—astonishingly—she says, "You cannot forbid physical violence and permit verbal violence." Either she favors repression, or she does not believe her own words. For if hurtful words are not fundamentally different from physical violence, then the First Amendment's protection of free speech is morally outrageous, just as if it guaranteed a right to "hurt others by shooting them and running them over." In place of the First Amendment, we would need word police and language prosecutors to rule on which speakers were "hurtful" and to punish them: kindly inquisitors, if you will.

If Ms. Elgin is saying that calling me a faggot is basically the same, from a human-rights point of view, as poking out my eye, she is not only trivializing violence, she is also saying that free speech is morally indefensible. That she nevertheless defends free speech implies that she recoils—thank goodness—from the implications of her own position.

Mr. Haslup may mistake my direction. My article was not about what schools legally may do, but what they *should* do. Schools should present only properly checked knowledge as respectable theory, even if they have the legal right to present creationism, astrology, or flat-

earthism. I take issue not with Scalia's constitutional law but with his sympathy for the argument that preferring science over non-science is illiberal or unfair. Science is special because it is the *only* liberal system for sorting good ideas from bad. My fear is that the egalitarian fallacy ("everyone's belief deserves respect") is eroding science's special status.

Mr. Salem's letter is touched, I think, by a common confusion. In a liberal intellectual system, positive claims (like Mencken's) are perfectly acceptable—in the context of social rules that force all such claims to be tested under critical fire. Some individuals, like Mr. Salem, will take the two-fisted, "stand our ground with certainty, boys!" approach; others will hedge or mediate. Fine. What must be undogmatic is not the liberal intellectual but the liberal intellectual *system*. And, I think, even in the face of "barbarians," the system's self-critical nature is a strength, not a weakness.

I agree with Mr. Wing that criticism of science is useful, even if I criticize said criticism when I think it's wrong. Yes, of course, "we may be justified under the liberal ideal in challenging consensus findings." But we must not believe, as creationists and others do, that simply to challenge is to debunk. Evolution, for instance, stands until its opponents convince the scientific community that their own theory is better.

Expletives Undeleted

I am annoyed at having to read vulgarities in one of my favorite magazines ("Countdown to Victory," Mar.). Isn't it possible to bleep out these expressions?

Ronald J. Berkhimer
Walnut Creek, CA

The editors reply: We don't gratuitously insert vulgarities, but neither do we remove them from quotations. In this case, the sort of language used by the Bush crowd was part of the picture that the author was trying to paint. Readers can judge for themselves how it reflects on the speakers.

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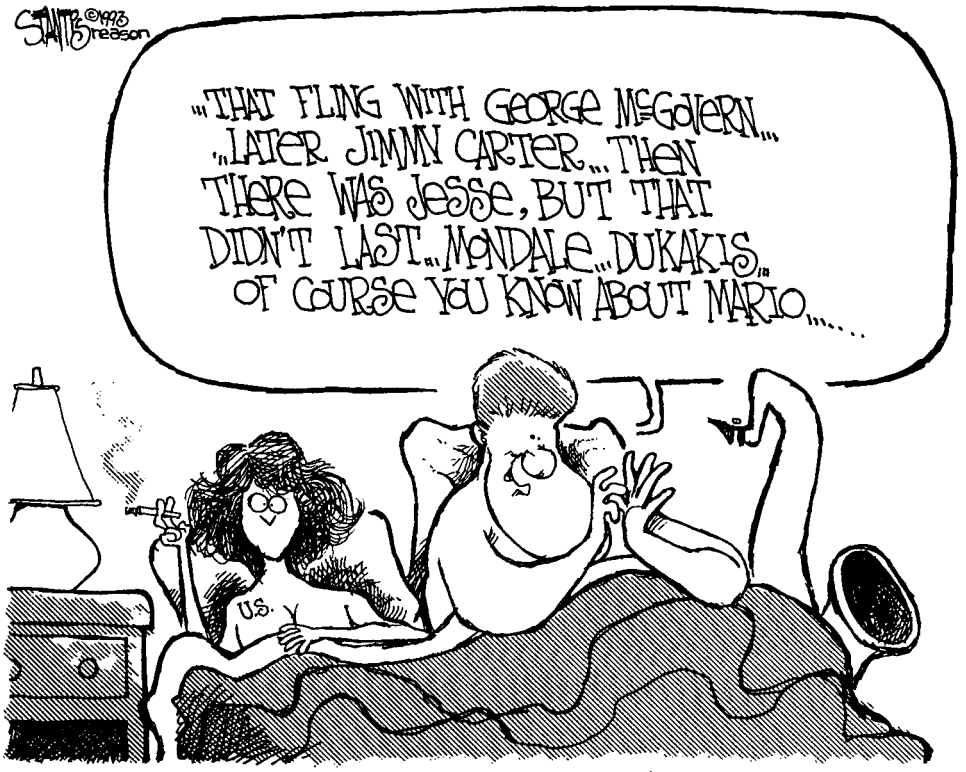
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SCOTT STANTIS

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BOK

CHIP BOK

Betsy Reike, assistant secretary-designate for water and science at the Interior Department, has her priorities straight. When she heard that there were posters of scantily clad women hanging in a locker room in a private gym located in the same building as the Interior Department, she grabbed an aide, marched down to the gym, and took the posters. Said one gym member, "It was someone who didn't belong to the club, was never in there using the facilities. There was never a complaint. They just confiscated private property." Of course. They're Clinton appointees.

Speaking of Clinton appointees, let's take a little test. Assume that you are vertically challenged Secretary of Labor Robert Reich. The latest employment figures show that the economy created 365,000 new jobs in the past month. Good news or bad? Bad. Your president is fighting for a jobs bill that's already in political trouble; this makes it seem irrelevant. What do you do? Lie. Reich released the figures but told reporters that 90 percent of the jobs were part-time. As department economists later reminded Reich, that estimate may be true (although that's highly unlikely), but he had no way of knowing. The department doesn't collect that information.

Michigan state Rep. William Bryant's new book, *Quantum Politics*, urges politicians to use force-field analysis and soul travel to help solve the nation's problems. Republican Bryant raised eyebrows a few years ago when he claimed to be part mountain lion.

Consumer Action warns that some 900 numbers are defrauding their customers: "Despite highly suggestive titles and pictures of half-naked women in many ads, the services provide only tame, nonsexual conversation."

In South Dakota, the state Supreme Court has ruled that a drunk found sleeping behind the wheel of a car may be convicted of drunken driving, even if the car isn't running and the person has the ignition key in his pocket. Next, maybe they'll hold that a person can be arrested for assault if he looks at someone else menacingly.

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BUDGET
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A woman wrote to the *Ojai* (California) *Valley News* complaining of sexual harassment...against her cat. Seems a neighborhood tomcat tried to "rape" her queen. It left the kitty "terrified and afraid." What do you want to bet the tomcat learned its behavior at home?

In Great Britain, Prime Minister John Major has sued the magazine *New Statesman & Society* for libel. This comes after a story in the journal that examined rumors of marital infidelity by Major. Major denounced the article as "completely untrue." The article concluded that the rumors were completely unfounded.

The Iowa state legislature has voted to exempt unmarked police cars from a requirement that all government vehicles bear a sticker promoting ethanol. Seems crooks were picking out the cars by the sticker.

The group Beyond Beef is criticizing McDonald's for hypocrisy. Seems the group found out that McDonald's is testing two new super-large burgers. Beyond Beef says that this contradicts McDonald's claims of trying to provide healthier foods. But the McLean, which McDonald's introduced to combat criticism from groups like Beyond Beef, has bombed. McDonald's customers, it seems, want big, fatty burgers.

The Department of Health and Human Services last year began auditing the books of 261 major universities for expenses improperly billed to the federal government. The biggest offender was the University of Wisconsin, Madison, with $10.5 million in unallowable billings. This included charges for maid services and fresh flowers at the residence of the university's chief executive officer. The report arrived just in time to meet the new HHS secretary, and former chief executive officer of the University of Wisconsin, Donna Shalala.

—Charles Oliver

HENRY PAYNE

Home on the Range

They are two of North America's mightiest beasts: the buffalo and the bighorn sheep. And thanks to herders and hunters, their once-dwindling populations are now thriving.

In the 19th century the U.S. government hoped to rid the land of Indians by exterminating the buffalo, a major source of their food, clothing, and fuel. The animals were also shot as food for railroad workers and because they were mammoth pests that obstructed the path of trains bound for the frontier. Today, Indian tribes around the country are helping bring buffalo herds back by raising the animals on their land—for their spiritual symbolism and for the money they bring in.

With 500 buffalo on 10,000 acres, the Cheyenne River Sioux in South Dakota have one of the largest such operations, reports *The Arizona Daily Star*. The Kalispel tribe in northeastern Washington raise about 130 buffalo on their 4,600-acre reservation, and several dozen other tribes from California to Maine want to get into the buffalo business too.

"Besides the meat, we sell everything from the hooves to the hides, the heads, the horn shells," Francis Cullooyah, who runs the Kalispel operation, told the *Star*. "And then we use the bones for some of our local artisans here. There's really not much that's wasted."

In Arizona, the population of bighorn sheep has grown from about 600 in the 1950s to about 6,000 today, according to the state's Game and Fish Department. The recovery is largely due to the efforts of groups such as the Arizona Desert Bighorn Sheep Society.

The society backed a 1984 law requiring the state to set aside some of its big-game hunting permits for raffle or auction by non-profit groups. Bighorn-sheep permits, which allow hunters to kill one of the animals, normally cost $153 for Arizona residents and $753 for nonresidents, money that goes directly into the Game and Fish Department's general fund. But all proceeds from the auctioned permits, which now total more than $1 million, may be used only for conservation projects, such as maintaining remote water holes, that benefit the species.

In February, a bidder paid a record $303,000 for a bighorn-sheep permit (the previous record was $67,500). "The money from this one tag is enough to finance 10 years' worth of transplanting sheep, or five years of helicopter surveys," Ray Lee, the Game and Fish Department's big-game chief, told the *Tucson Citizen*.

—Elizabeth Larson

The State of Hate

Does the First Amendment forbid states to punish bigots more severely than other criminals? The U.S. Supreme Court is expected to decide this summer. Last year the Wisconsin Supreme Court overturned that state's hate-crime law, which imposes extra punishment on offenders when they are motivated by prejudice. (See "What's Hate Got to Do with It?", December.) The state appealed to the U.S. Supreme Court, which heard oral arguments in the case, *Wisconsin v. Mitchell*, in April. The Court's decision is likely to determine the constitutional status of similar laws in 28 other states, including Ohio, whose Supreme Court has also rejected penalty enhancement for hate crimes.

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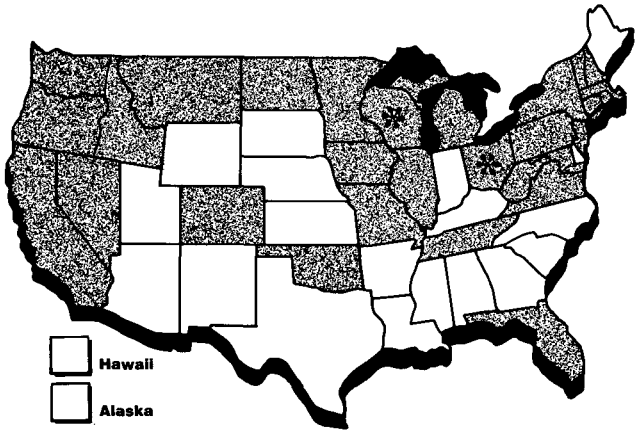

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Source: Anti-Defamation League of B'nai B'rith

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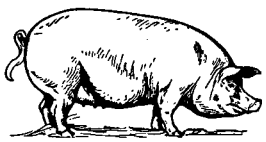
BALANCE SHEET

Assets

Conscientious Objectors. New York City judges Jack Weinstein and Whitman Knapp join at least 50 federal judges refusing to hear drug cases. "People think they can stop the drug traffic by...having terribly long sentences," Knapp tells *The New York Times*. "Of course it doesn't do any good." Weinstein calls tough drug sentences "a waste of taxpayers' money."

Traffic Flow. Hurricane Andrew legalizes (temporarily, anyway) jitney service in Dade County, Florida. (See "Van Ban," Dec.) The Metro-Dade Transit Agency lets four private companies operate buses and vans on 12 fixed routes. The companies use jitneys to supplement their fleets. In March, reports the Federal Transit Administration, more than 200 buses were serving 20,500 passengers a day.



Ivory Sty. Congress promises to cut academic pork. House science committee chairman Rep. George Brown (D-Calif.) will review $707 million in "earmarked" science and technology programs—money that goes directly to influential congressional districts instead of passing competitive peer review. Brown says money for earmarked projects has increased 70-fold since 1980.

Bank Job. Poland's privatization moves ahead. Wielkpoloski Bank Kredytowy becomes Eastern Europe's first private commercial financial institution to sell stock. In 1989, 95 percent of the bank's loans went to state-owned firms; now, 45 percent go to individuals or private companies. *The Washington Post* says WBK, once "a cash distribution agency of the Ministry of Finance," is now "a real bank."

Liabilities

Bush League. Dick Darman's revenge: The 1990 tax hikes didn't soak the rich after all. With lower, simpler taxes, in 1988, America's richest 1 percent paid 27.6 percent of all income taxes. By 1990, that figure had dropped to 25.6 percent. *Forbes* estimates the 1992 figure will approach 21 percent. And Bill Clinton's higher rates will stimulate the tax-shelter industry and squeeze the middle class even more.

Quota Pack. Bill Clinton taps radical University of Pennsylvania law professor Lani Guinier as assistant attorney general for civil rights. In a 1991 *Virginia Law Review* article, she argues that the Voting Rights Act (which she would enforce) compels an end to "one person, one vote." Instead, she writes, legislatures must have roughly the same racial composition as the entire population. She also considers child care, housing, and health care "basic entitlements."

Mystery Train. How not to cut the deficit: Fund new big-ticket boondoggles. The Department of Transportation plans to spend $1.3 billion over five years for high-speed, magnetic-levitating trains. Of the six maglev routes the feds will fund, only one, New York City-Albany-Buffalo, operates profitably with regular trains now.

Acid Test. A few days after the "blizzard of the century," scores of fish die in Virginia mountain streams. James Madison University chemist Dan Downey blames "acid snow" pollution, which he says came from coal-burning plants in the Midwest. Not so fast, counters Virginia state climatologist Patrick J. Michaels. The storm originated offshore. Michaels wryly tells the A.P., "There are no coal-fired power plants in the Gulf of Mexico or the Atlantic."

—Rick Henderson

Going to Pot

Advocates of drug legalization are fond of pointing out that alcohol and tobacco cause far more harm than all the illicit drugs combined. Prohibitionists have a quick rejoinder: Why compound the problem by making other potentially hazardous substances cheaper and more readily available?

The question implies that use of the newly legal drugs would simply be piled onto current drug use, instead of replacing it. A recent working paper from the National Bureau of Economic Research casts doubt on that assumption.

Analyzing data from Monitoring the Future, an annual survey that asks a representative nationwide sample of high-school seniors about their legal and illegal drug use, economists John DiNardo and Thomas Lemieux find that marijuana and alcohol are substitutes: When teenagers use one more, they tend to use the other less.

Among other things, the survey asks students whether they have used alcohol or marijuana in the last 30 days. DiNardo and Lemieux focus on the 1980s, when every state raised its minimum alcohol-purchase age to 21 in response to federal legislation. Looking at 43 states, they analyze average responses both before and after increases in the drinking age.

"A clear pattern emerges," DiNardo and Lemieux write. "A higher drinking age reduces the prevalence of alcohol use, but increases the prevalence of marijuana use among high school seniors....This evidence suggests that alcohol and marijuana are substitutes in consumption." They also find that alcohol use is less common in states with lower penalties for marijuana possession, reinforcing the conclusion that the two drugs are interchangeable to some extent.

This conclusion suggests that legalizing marijuana need not increase overall drug use. At the very least, it indicates that any such increase would not be as dramatic as prohibitionists expect. Furthermore, because marijuana is in many ways less hazardous than alcohol, a switch to pot could actually reduce drug-related problems.

—Jacob Sullum

Search and Censure

For many computer users, the 1990 Secret Service raid on Steve Jackson Games in Austin, Texas, represents the bumbling arrogance of law-enforcement agents whose practices are ill-suited to the electronic age. In March, three years after the search and seizure, a federal judge agreed.

In the raid, which stemmed from the theft of a $13 telephone-company document, Secret Service agents seized three computers, including one that was used to operate an electronic bulletin-board service, hundreds of floppy disks, and several disk drives, including material that the company planned to publish. (See "Closing the Net," January 1991.) No one at Steve Jackson Games was ever charged with a crime.

Responding to a lawsuit filed by Jackson in 1991, U.S. District Judge Sam Sparks ruled that the Secret Service had violated the Privacy Protection Act of 1980 by failing to obtain a subpoena for the company's records. (Unlike a search warrant, a subpoena can be challenged before it is executed.) Sparks also found that the Secret Service had violated the Electronic Communications Privacy Act by reading and destroying computer messages. This is the first time that a federal judge has explicitly applied these statutes to electronic publishers and e-mail.

Sparks awarded Steve Jackson $50,000 to compensate for damage and lost profits caused by the search and seizure. The Electronic Frontier Foundation, which paid for the suit, is seeking to recover some of its costs, which exceeded $200,000, under the Privacy Protection Act.

"The judge was really annoyed with the Secret Service's overreaching," says EFF counsel Mike Godwin. The *Houston Chronicle* reported that Sparks was "visibly angry," scolding the Secret Service for seizing valuable material and holding it for months without giving copies to the game publisher. He suggested the Secret Service must have realized the seizure would hurt Jackson's business, adding: "You just had no idea anybody would actually go out and hire a lawyer and sue you."

—*Jacob Sullum*

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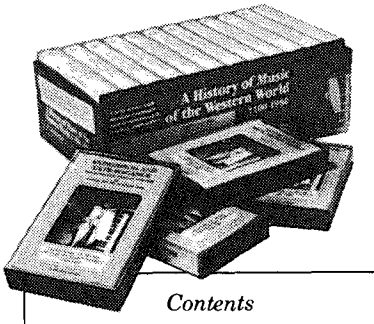

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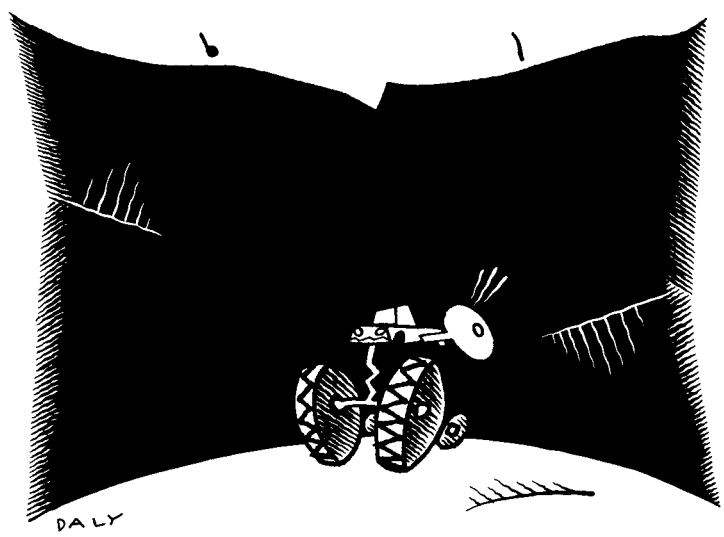
FIRE-BREATHING BOREDOM

BY TODD SEAVEY



My David Letterman–influenced aesthetics had led me to expect that the American monster trucks I saw at Madison Square Garden would crush all sorts of interesting things: watermelons, burning TV sets, hapless Ford Fiestas. The TV ads ("NITRO-burning, CAR-crushing MADNESS," etc.) had made me look forward to heavy-metal anarchy: mud flying, cars flipping over, the first row of the audience smooshed by mammoth tires but still confident they'd gotten their money's worth.

Instead, the trucks just came out, to much fanfare and announcer hype (with songs by Megadeth and Metallica playing in the background), and jumped over little white cars. Not mangled, not hunted and destroyed, not ground into atoms, but jumped over. In short, I wanted the automotive equivalent of a Godzilla movie, but all I got was Evil Knievel with bulkier vehicles.

This after starting the show with the national anthem and making me think that by the end I'd be proud to be an American and prouder still of automotive technology. This despite arousing the crowd's tribalistic passions by dividing the vehicles into "Team New York" and "Team New Jersey." This after introducing vehicles with intimidating names like Bigfoot, Gravedigger, Snakebite, Predator, and Carolina Crusher (the last one being a Chevy with the slogan "Have you driven over a Ford lately?" painted on the back).

Once in a while, motorcycles came out and raced around in the dirt, which was more exciting because at least the riders would sometimes fall off. I'll never again think ancient Roman audiences were barbaric for wanting gladiators to kill each other. They were probably starved for action after watching an hour of the monster chariots (falsely advertised as "LION-grinding, EUNUCH-crushing ACTION! ACTION! ACTION!").

My hopes were raised by Vorian, the car that transforms into a flame-throwing robot (incidentally, a traditional Japanese form of performance art). If he had just transformed, taken a bow, and walked off, things might have been OK. Unfortunately, he went into a long monologue about how he'd come to save us from the evil "Rotar" (or something), a character played by a man in a rubber alien mask and a silver robe.

I had trouble hearing Vorian, but I think there was an anti-drug message in his explanation of Rotar's origin. Rotar apparently came from a planet where an "atmosphere full of noxious drugs" transformed the population into mutants—mutants now bent on conquering Earth. Calling another atmosphere noxious while standing in (not to mention emitting) exhaust fumes at Madison Square Garden struck me as hypocritical, but my attention was soon diverted by Rotar's vow to kill the audience.

Rotar said he was pleased to see so many members of our "culture" gathered in one place because we'd be easier to destroy. Eventually, Vorian would ask the audience, in a noble, Stentorian voice, "Do you want to see me waste this slime-ball?" and dispose of Rotar in a blast of flame and spurting alien blood. Even at his death, I felt the character of Rotar remained underdeveloped.

The bulldozer that fixed up the track in Madison Square Garden was one of the highlights of the show for me, and I cheered as it scooped up dirt. It was more thrilling than seeing Bigfoot a fifth time.

Despite the Falling Fire Angel and the Dynamite Lady (not to mention the "Dynamite Lady" theme song), the monster truck fest was disappointing enough to inspire me to dream of Lettermanesque improvements—and this was the one event where I thought such daydreaming would be unnecessary. Bored fans often amuse themselves by coming up with simple ideas for improving spectator sports: land mines on the golf course, armor on the basketball players, bonus points for collisions in car races, etc.—the kind of visionary sports speculations that led to the creation of *American Gladiators*.

We Americans dream big, but it's the Japanese who have the guts and shamelessness necessary to make such excessive dreams reality, whether it's putting six extra knobs on a stereo, subjecting game-show contestants to physical torture (like being dragged by an elephant), or encrusting their toy robots with so many spare parts that they look like they could transform into a whole assembly plant, never mind a car.

With its big vehicles, the monster motif, the transforming robot, and the techno-power fetishism, the truck show struck me as something the Japanese could find a way to do much better than we can. Anticipate U.S. import tariffs on trucks with wheels over eight feet wide.

Todd Seavey is a writer in New York City.

TOM DALY

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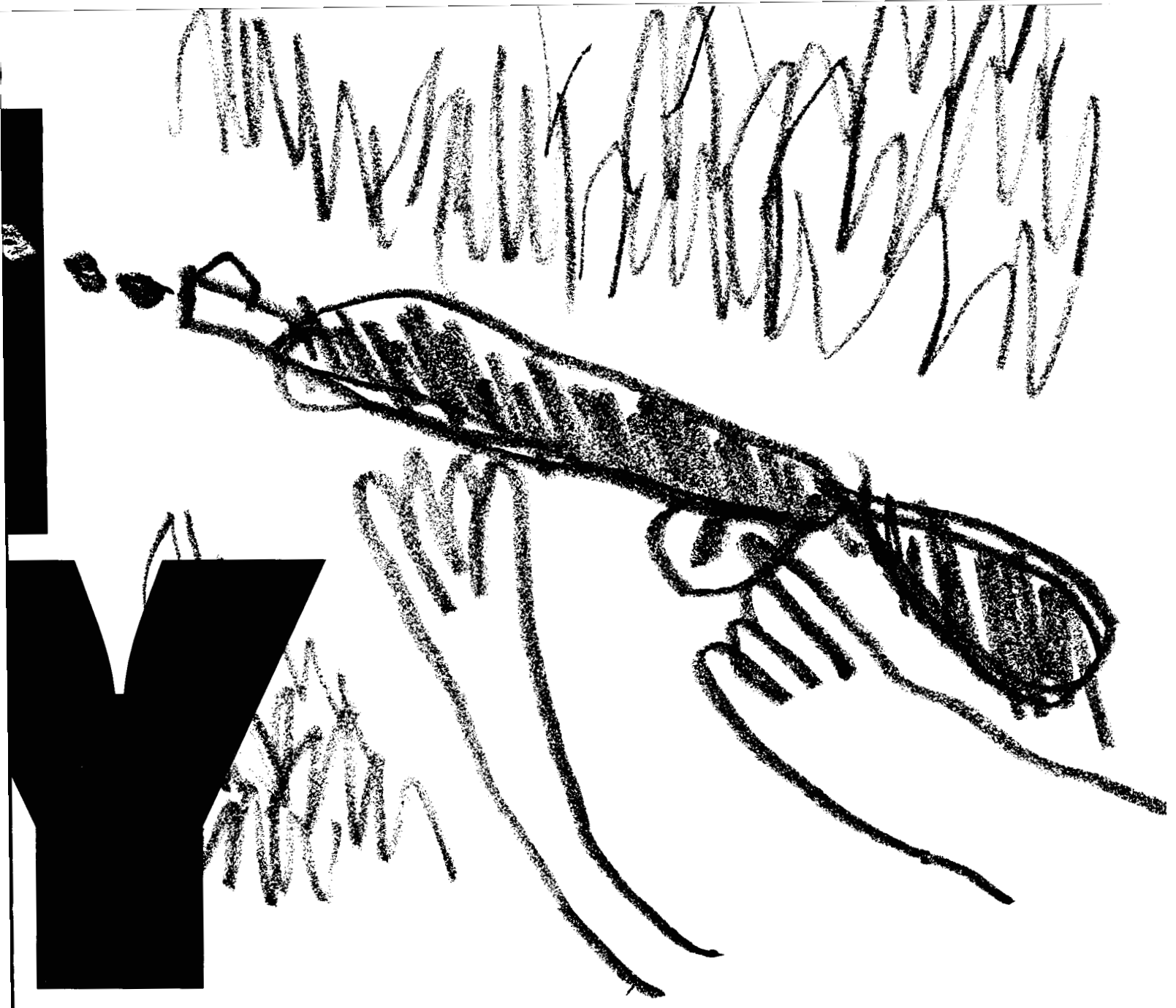
NRE1CS

GUN PLAY

WHAT KIDS DON'T KNOW ABOUT GUNS CAN KILL THEM.

By David B. Kopel

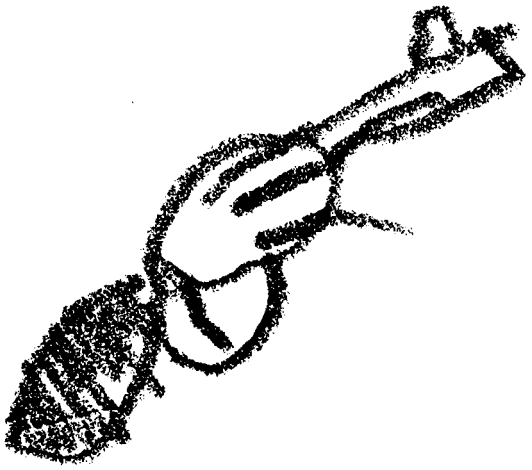


"TOO MANY KIDS ARE GETTING A REAL BANG OUT OF LIFE," announces a full-page ad in *The New York Times*. "HELP SAVE THE NEXT GENERATION." The body text elaborates: "Too many kids are becoming victims of gun violence. Every day in the United States, 14 children are killed with guns—in accidents, suicides and homicides. Hundreds more are injured—many seriously."

ARTHUR MATSON

Beneath the main headline is a photograph of Jim Brady, the former White House press secretary who was wounded and disabled in John Hinckley's attempted assassination of President Reagan. (The ad appeared on March 30, the 12th anniversary of Hinckley's attack.) Brady's picture is flanked by quotes from urban kids discussing their fears of gun violence. The text below his picture implores Americans to support the so-called Brady Bill, which would impose a nationwide, seven-day waiting period for handgun purchases. "I'm not asking you to do it for me," Brady says. "But do it for our kids."

The ad, purchased by Handgun Control Inc., reflects the theme of the organization's latest push for the Brady Bill. In a February press conference, Sarah Brady, Jim Brady's wife and Handgun Control's chairwoman, noted that nearly 4,000 Americans under the age of 20 had been murdered in 1991. (That number, actually closer to 3,700, covers a lot of ground. It's based on arrests, so it includes 18-year-old armed robbers shot by their victims. It also includes 19-year-old crack dealers shot by competitors.) Acting Attorney General Stewart Gerson added that the Department of Justice endorsed the Brady Bill because he was sick of seeing kids gunned down in random violence.



By asking us to "do it for our kids," gun-control advocates hope to short-circuit rational discussion.

Neither Brady nor Gerson suggested how many lives the Brady Bill might save. Nor did they cite studies showing how similar laws, enacted by more than 20 states, have reduced crime. That's because there are no such studies. All the scholarly research has found that laws like the Brady Bill have no statistically significant impact on crime.

But the whole idea of asking people to "do it for our kids" is to avoid such analysis. Gun-control advocates are hammering at the issue of children and guns as never before, in the hope that it will be easier to enact gun controls aimed at adults in an atmosphere of panic about children. Sen. John Chafee (R-R.I.), for example, says firearms are "infecting" America's schools; he has proposed the confiscation of all civilian-owned handguns. Chafee insists that America must "do something" about the current "handgun slaughter," in which "our children are being killed and are killing," for "sooner rather than later every family in the U.S. will be touched by handgun violence." His confiscation legislation won immediate support from "pro-child" lobbies such as the Children's Defense Fund and the American Academy of Pediatrics.

The idea of curtailing the rights of adults to protect children is hardly new to American politics. Prohibitionists have used this tactic in arguing for bans on alcohol, marijuana, sexually explicit literature, homosexual behavior, lawn darts, and just about everything else they have ever sought to outlaw. It's precisely because such efforts have so often been successful that the talk about protecting children through gun control should not be dismissed as mere rhetoric. Threats to children, whether real or imagined, tend to short-circuit rational discussion. Gun-control proposals should not escape critical examination simply because their supporters paint a horrifying picture of children at risk.

America does have a serious problem with children and guns, but it's a problem quite different from the one described by America's gun prohibitionists and their Washington allies. Indeed, it's a problem that has been aggravated by anti-gun laws.

Consider how the repressive gun laws of cities such as Chicago, Washington, and New York drive responsible gun use underground. While a man who operates a bodega on the Lower East Side of New York City may keep an illegal pistol hidden under the counter in case of a robbery, he is not likely to take the gun to a target range for practice. Even if the storekeeper managed to get a gun license, he could not take his teenage son to a target range to teach him responsible firearm use. Just to hold the gun in his hand under immediate adult supervision at a licensed range, the teenager would have to obtain his own permit.

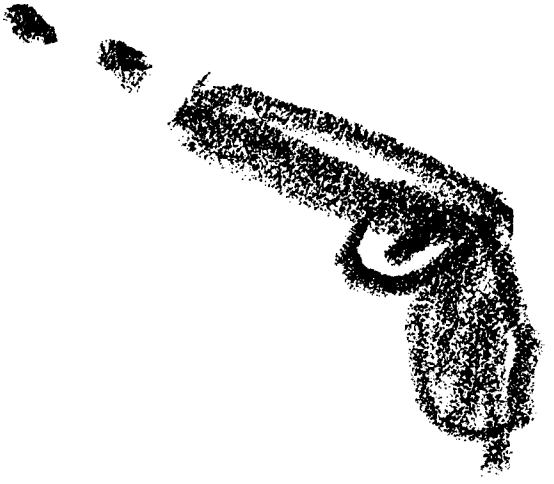
An airgun, which uses compressed air to shoot a pellet, is safe enough to fire inside an apartment, yet New York City makes it illegal for supervised minors to touch one. The city thus closes off one more avenue for children to be taught proper firearm use.

Research suggests that the loss of these opportunities makes a difference. In a 1991 study of 675 ninth- and 10th-graders in Rochester, New York, for example, the children who were taught about guns by their families were at no greater risk of becoming involved in crime, gangs, or drugs than children with no exposure to guns. But the children who were taught about guns by their peers were considerably more likely to be involved in various kinds of misbehavior, including gun crime. A study of whites and aborigines in northwest Australia in the late '80s yielded a similar result: Young men who were taught about guns by responsible authority figures did not commit gun crimes, even if they broke the law in other ways.

In this light, repressive gun laws are not merely ineffective. They actually foster misuse of firearms, including gun violence. By making firearm ownership illegal, or possible only

for wealthy people with the clout to move through numerous bureaucratic obstacles, anti-gun laws render legitimate gun owners invisible. Children are left with criminals and violent television characters as their only models of gun use. In cities where no child may shoot a BB gun with his parent, kids learn about firearms on the street and shoot each other with 9-mm pistols.

The experience with gun accidents shows the importance of teaching our children about proper firearm use. Gun-control advocates have sought to create the impression that firearm accidents involving children are a large and growing problem. Paradoxically, this impression has been reinforced by the very fact that such accidents are rare. Almost every time a child dies in a gun accident, the event is covered by the state's wire services, and sometimes by the national news. Many people mistakenly conclude that children die frequently in gun accidents and that sharp restrictions on gun ownership are necessary to address the problem. But gun accidents involving both children and adults have actually fallen dramatically in the last two decades, almost entirely because of private safety efforts.



The experience with gun accidents shows the importance of teaching kids to use firearms properly.

In 1988, 277 children under the age of 15 were killed by accidental firearm discharges, according to the National Safety Council. That number represents a 48-percent drop from 1974, even as the number of guns per capita increased. From 1968 to 1988, the annual rate of fatal gun accidents fell from 1.2 per 100,000 Americans to 0.6. Thanks to private educational efforts, including programs sponsored by the National Rifle Association, the Boy Scouts, 4-H, and other groups, the firearm accident rate has been cut in half.

Despite this impressive private-sector achievement, Sen. Howard Metzenbaum (D-Ohio) thinks that the government could do better. He proposes giving the Consumer Product Safety Commission authority over firearms, ostensibly to reduce accidents. This move could be an indirect way to achieve gun controls far more sweeping and restrictive than Congress is likely to pass. With jurisdiction over firearms, the CPSC could, by unilateral administrative action, ban the future production and sale of all firearms and ammunition. Congress has forbidden the CPSC to regulate guns precisely because of such fears.

Short of banning firearms, the CPSC might require features intended to prevent accidents, such as child-proof grips or indicators that show when a gun is loaded. But such technological fixes, favorites of the gun-control lobby, do not address the main cause of firearm accidents. A 1991 study by the General Accounting Office found that 84 percent of gun accidents involve deviations from basic safety rules. For example, accidents occur when people carelessly wave a gun around, thinking it's unloaded, or put their fingers on the trigger prematurely. Safety education is therefore the best way to continue reducing gun accidents. Unfortunately, children whose parents have no interest in firearms are unlikely to hear gun lessons. Firearm-safety programs ought to be expanded to reach more children.

One successful effort to teach children about gun safety is the NRA's "Eddie Eagle" Elementary Gun Safety Education Program. The Eddie Eagle program offers curricula for children from kindergarten through sixth grade, using an animated video, cartoon workbooks, and play safety activities. The cartoon hero Eddie Eagle offers a simple safety lesson: "If you see a gun: Stop! Don't Touch. Leave the Area. Tell an Adult." Although Eddie Eagle includes no political content, some anti-gun activists have prevented the program from being used in their schools because they disagree with the NRA's position on policy issues. (Riflery programs in high schools, which also teach safe gun habits, have generated even more resistance.)

While schools and other social institutions have an important role to play in gun safety, the primary responsibility rests with parents. A child who can, under parental supervision, invite a classmate to shoot a .22 rifle at a target range will be less intrigued by the possibility of surreptitiously playing with a pistol found in a closet.

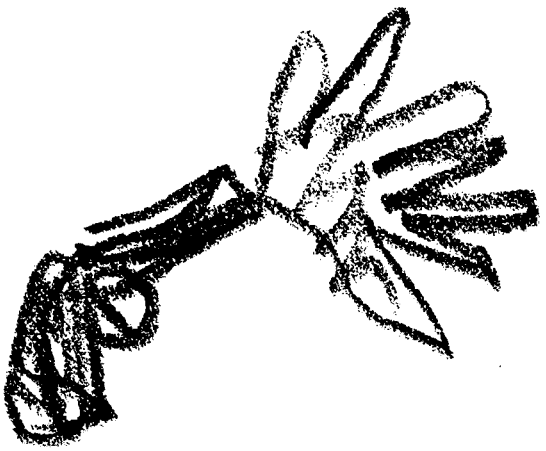
In contrast to gun accidents, gun suicides do account for the deaths of many young people—more than 2,000 in 1990. From the mid-1950s to the late '70s, teenage suicide rose sharply, and most of the increase was due to gun suicides. But since then, the teenage suicide rate has remained stable, and so has the percentage of suicides involving guns. Teenagers are still less likely to commit suicide than any older age group.

Although the teenage suicide rate has been about the same since the late '70s, gun-control advocates insist that immediate action is necessary to address this "crisis" as well. They often cite false statistics to justify their sense of urgency. In 1989, for example, the American Academy of Pediatrics told a congressional committee that "every three hours, a teenager commits suicide with a handgun." But this figure is valid only if

one counts *all* suicides as handgun suicides, or if one calls every person under 25 a teenager.

In addition to exaggerating the extent of the problem, gun-control supporters simply assume that fewer firearms would mean fewer suicides. One might speculate that the presence of a gun can turn a teenager's fleeting impulse into an irrevocable decision. If guns were less readily available, perhaps suicide would decline. This theory is intuitively plausible, but it is not consistent with the evidence.

In his 1991 book *Point Blank*, Florida State University criminologist Gary Kleck analyzes suicide rates and gun laws in every American city with a population over 100,000. He takes into account all the factors that might affect suicide, such as race (whites are more likely to commit suicide), religion (Catholics are less likely), economic circumstances, and 19 gun control laws, ranging from waiting periods to handgun bans. Kleck finds no evidence that any of the gun-control laws had a statistically significant effect on suicide rates. While some gun-control laws did affect the rate of gun suicide, the total suicide rate remained the same. People who had decided to kill themselves simply substituted other, equally lethal methods.



Gary Kleck's study found no evidence that gun-control laws have a significant effect on suicide rates.

Data from other countries appear to support Kleck's conclusion that gun control is not an effective way to reduce suicide. While teenage suicide has remained stable in the United States in the last 15 years, it has risen sharply in Europe, where gun control is much stricter. In Great Britain, where gun laws are very strict and the gun ownership rate is less than one-tenth that in the United States, adolescent suicide has risen by more than 25 percent in just five years. Similarly, in Japan handguns and rifles are illegal and shotguns very difficult to obtain. Yet teenage suicide is 30-percent more frequent in Japan than in the United States.

Given the lack of evidence that gun control reduces suicide, anti-gun activists have resorted to factoids such as this one, reported by *Washington Post* columnist Richard Reeves last September: "Teen-agers in homes with guns are 75 times more likely to kill themselves than teen-agers living in homes without guns." The story behind this factoid illustrates how myths that support gun control are generated.

A 1991 article in the *Journal of the American Medical Association* discussed a study of several dozen homes in western Pennsylvania where a teenager had committed or attempted suicide or where a non-suicidal teenager who had been admitted to a psychiatric hospital lived. A home with a teenager who had committed suicide was twice as likely as the other homes to contain a gun. In an editorial accompanying the article, three employees of the federal Centers for Disease Control incorrectly wrote: "The odds that potential suicidal adolescents will kill themselves go up 75-fold when a gun is kept in the home."

JAMA later published a retraction, noting that the 75-fold figure was incorrect; the increase was in fact twofold (and the number was merely a correlation, not proof of cause). Sen. Chafee saw the false claim but apparently missed the correction, since he repeated the 75-fold figure in a congressional hearing in October 1992. In his *Washington Post* column, Reeves took the factoid one step further, telling his readers that it applied to all teenagers, even though all of the subjects in the study had serious psychological problems.

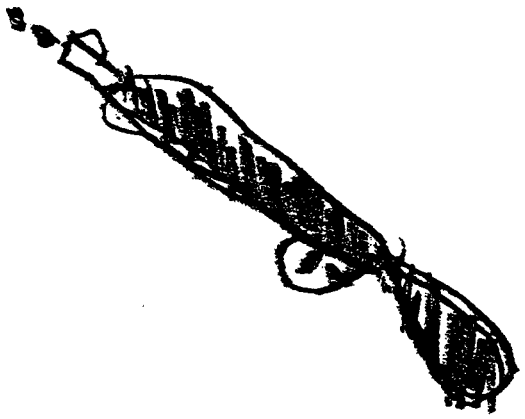
Factoids also play an important role in the debate about guns in school. Chafee and Sen. Joseph Biden (D-Del.) claim that "135,000 children carry a gun to school every day." Sen. Christopher Dodd (D-Conn.) ups the figure to 186,000. The National Education Association puts the number at 100,000. The only comprehensive data on this question come from a 1990 survey by the Centers for Disease Control that asked high-school students if they carried a gun for protection. As a 1991 summary of the survey explained, "Students were not asked if they carried weapons onto school grounds." Students who answered yes included all those who occasionally carried guns anywhere, such as in cars when driving at night in dangerous neighborhoods.

Interpreting the data realistically, Kleck, the FSU criminologist, estimates that 16,000 to 17,000 students carry a gun to school on a given day. That figure translates into about 1 in every 800 high-school students. Accordingly, guns play a relatively small role in the overall problem of violence in school. In 1986, for example, there were 41,500 aggravated assaults in schools and 44,000 robberies. Firearms were used in 1,700 of these crimes, a little under 2 percent. (They accounted for 15 deaths and 95 injuries in 1992, according to the National School Safety Center.) Thus, even a program that eliminated all guns would fail to deal with 98 percent of the violent felonies in schools.

Rather than address the real problem of discipline and security in many public schools, gun-control advocates have argued for "gun-free school zones," which make possession of

weapons within 1,000 feet of school property a felony. Since the 1,000-foot school zone encompasses over half the territory in most cities and towns, the school zone laws are frequently a backhanded way to outlaw the possession of firearms by adults on public property.

These laws can add to the regulatory obstacles that discourage people from using guns for protection. In cities such as Los Angeles and New York, police administrators routinely turn down applications from private citizens seeking permits to carry a handgun for self-defense. About 7 percent of the population carries guns anyway, figuring that it is better to risk prosecution than to risk driving or walking in dangerous neighborhoods without protection. The crime of carrying without a permit is a misdemeanor in many jurisdictions, but gun-free school zones can turn it into a serious felony.



To focus on "guns in school" is to miss the more-general violence that makes teenagers feel vulnerable.

Even when narrowly drafted, school-zone laws are misguided. A comparison of the number of students carrying guns in school to the number of gun crimes committed in school indicates that the vast majority of students who carry firearms do so for noncriminal purposes. "To put it bluntly," one student wrote in a recent letter to *The Washington Post*, "I think students bring weapons to school to save their own lives. They have a constant fear of being attacked, whether for money, for drugs, or for some other reason." Most students who carry guns are trying to protect themselves on the way to and from school, as they pass through neighborhoods ruled by gangs, or in school itself. To focus on "guns in school" is to miss the larger picture of the violent conditions that make unarmed teenagers feel vulnerable.

While the claims of gun-control advocates about a rising tide of gun accidents and gun suicides are false, there is no doubt that violent crime among teenagers is soaring. From 1985 to 1991, arrests of adults for murder declined, but arrests for murder of 17-year-old males rose by 121 percent, of 16-year-olds by 158 percent, of 15-year-olds by 217 percent, and of boys 12 and under by 100 percent.

Those figures conceal an even more serious problem. The murder arrest rate of whites between the ages of 10 and 17 was the same in 1989 as in 1980 (it dipped in the middle of the decade and then rose to its former level). Meanwhile, the black rate has skyrocketed.

Most of these homicides are carried out with handguns. Yet if there is a relationship between gun density and homicide in the United States, it is an inverse one. The regions with the most guns are the regions with the lowest homicide rates. And while whites have a higher rate of gun ownership than blacks, they have a much lower homicide rate.

One possible explanation for this pattern is that widespread gun ownership deters crime. But it may also be significant that the places with the highest rates of gun ownership tend to be rural areas and small towns, where family structures are relatively strong and communities are often more stable and unified. The problem of violence in American inner cities may have less to do with the fact that guns are available there (as they are everywhere else) than with the fact that so many families are weak or nonexistent and that so little sense of community exists.

The sharp increase in teenage violence that began in 1987 may also be related to George Bush's escalation of the war on drugs. The drug war has intensified violent competition among drug dealers. It has also crowded prisons with drug offenders, making significant punishment of crimes against people and property less likely and deterrence less credible. Texas A&M economist Morgan Reynolds found that, largely because of inadequate prison space, the expected punishment for murder (the average sentence multiplied by the probability of punishment) fell by 20 percent from 1988 to 1990. In 1990 the average murderer could expect to spend 1.8 years in prison. A society that treats violent crime so lightly sends the message to young criminals that they can literally get away with murder.

In addition to improving the criminal-justice system, we need to reconsider our legal approach to firearms. Gun-control laws are undermining responsible gun use in a futile attempt to eliminate the tools of crime. In a 1992 survey of young violent criminals from Washington, D.C., 77 percent of the respondents said they had acquired a handgun in the district, where handguns are illegal. Two out of three agreed that gun control would not reduce violence in Washington.

As William Fox, a former member of the Brawling Street Rolling Crips, told the *Los Angeles Times*: "How are you going to get the guns off the street that are already there? No. It ain't going to change. It's not the guns that have to change. It's the people that have to change." ■

David B. Kopel is director of the Second Amendment Project at the Independence Institute, a free-market public-policy research center in Denver, Colorado.

GH-TECH HOAX

BILL CLINTON IS NO FRIEND OF SILICON VALLEY.

By T. J. Rodgers

During the presidential campaign and since taking office, Bill Clinton has implied that his plans for high-technology subsidies enjoy the unanimous support of Silicon Valley. T. J. Rodgers, president and CEO of Cypress Semiconductor and a longtime critic of industrial policy (see "The New Mr. Chips," July 1990), begs to differ. And he is not alone. Testifying before the House Subcommittee on Technology, Environment, and Aviation in March, Rodgers took aim at the assumptions underlying Clinton's program. This article is adapted from that testimony.

In my right hand I have a data-communications chip made by Cypress Semiconductor. We call it HotLink. It is capable of transporting information over a wire or through an optical fiber at the rate of 330 million bits per second. It would undoubtedly be part of any data-communications network created in the United States—and in high volumes.

In my left hand I have a 4,196-bit static random-access memory chip made by Cypress. It is capable of storing and retrieving data in three nanoseconds—about the time it takes light to travel one yard. The fastest SRAM of its type available from any company in the world, it is used in conventional supercomputers.

I also have here a Cypress module containing two powerful SPARC processors of the kind that are used, 500 modules at a time, in a massively parallel computer made by a company called Thinking Machines, in Cambridge, Massachusetts.

In other words, Cypress makes data-communications chips used in electronic superhighways, memory chips for supercomputers, and microprocessor modules for massively parallel computers. We would benefit greatly if billions of taxpayer dollars were showered on the various technology projects favored by the Clinton administration. It would be easy for me to support these projects. I could spend one minute talking about our products, a few more minutes discussing the wonders of the basic technologies, and a few more on the serious peril we face from other countries, especially the government-financed Japanese and Europeans. Finally, I could ask for a dole—to save American high technology.

But I am here to say that such subsidies will hurt my company and our industry. Why? Because they represent tax-and-spend economics—a brand of economics that is a known failure. I do not want handouts. The men and women of our company do not want handouts. And if Congress wants to help American high technology, handouts are the wrong way to go—especially if they are funded with huge tax increases on individuals and corporations.

The subject of today's hearing is the High Performance Computing Act of 1991. But it is impossible to separate high-performance computing from the broader Clinton technology program. And it is impossible to separate the Clinton technology program from the administration's broader economic program.

Let me begin by correcting a serious (albeit politically useful) misconception. The administration would have us believe that the business leaders of Silicon Valley stand unanimously behind its program. The image of John Sculley, CEO of Apple Computer, sitting beside the First Lady and applauding the State of the Union address has been beamed far and wide by White House political operatives. John Sculley and I are friends and neighbors. We live in the same small town in the hills above Stanford University and Silicon Valley. But on this issue we are thousands of miles apart.

Indeed, I am here today in strong opposition to the administration's economic program in general and the big-spending aspects of its technology agenda in particular. I am not alone. Over the last week, in preparation for this testimony, I have corresponded with directors, founders, and CEOs of 10 high-technology companies. Not one agreed that the right way to enhance America's technology leadership is to increase individual and corporate taxes to finance government mega-programs—even if those mega-programs would benefit their own companies. Here are their reactions:

❖ **Scott McNealy, CEO of Sun Microsystems, America's largest manufacturer of workstations:** "In the current economic climate, the proposed increase in the corporate tax rate does not encourage job growth, business investment, or global competitiveness. Rather, it penalizes profits and will result in further loss of jobs."

❖ **Joe Zemke, CEO of Amdahl Corp., America's largest manufacturer of IBM plug-compatible mainframes:** "Whether it is sugar subsidies or 'investments' in high-performance computing, the Clinton program represents the same logic: siphoning dollars from individuals and corporations and allocating them through a process that is terribly inefficient—a process that is responsive not to market requirements, but to bureaucratic empires and political payoffs. This use of tax money is disturbing at any time, but to increase expenditures as we face a historic deficit is unconscionable.

"As a high-technology executive who faces the rigors of the market every day, I view both the data highway and any subsidy of high-performance computers as the most recent examples of industries lining up to feed at the public trough. There may be a few select winners, but the majority, and the taxpayers, lose."

❖ **Don Valentine, venture capitalist, founding director of Apple Computer, currently a director of five companies, including $600-million Cisco Systems**: "Don't assume that the Pepsi-Cola Kid [John Sculley] speaks for Silicon Valley. We do not need pretenders who speak for us. We have visionaries who are rare, important, and doers.

"To Washington I say, please do not help us. The world of technology is complex, fast changing, unstructured, and thrives best when individuals are left alone to be different, creative, and disobedient. Go help the Russians. They are a Third-World technology state. Go help all the people who know how 'pork' works, and who want to be taken care of. But please do not help us: Anyone who thinks corporate taxes promote employment does not understand the problem."

❖ **Wilf Corrigan, CEO of LSI Logic, America's largest gate-array manufacturer:** "I am a strong supporter of industrial policy, but lowering taxes would be the best form of industrial policy we could have. We should balance the budget by cutting spending, and if that means we cannot put money into the high-technology infrastructure, that is OK. If wealthy individuals get taxed more, they will spend more time figuring out how to minimize taxes and less time creating wealth."

❖ **Finis Conner, founder and CEO of Conner Peripherals, Silicon Valley's leading computer disk-drive maker:** "President Clinton's proposed tax program will raise the U.S. corporate tax rate by 2 percentage points. We believe this strategy will accelerate the move of U.S. jobs offshore. There are plenty of countries that will welcome these jobs with open arms—and

will offer tax incentives rather than tax increases. The development of all technologies and products involves risks and rewards. The government should not be in the business of speculating with taxpayers' money on which of those risks will be winners and which will be losers."

❖ **Gil Amelio, CEO of National Semiconductor, a $1.6-billion chip company:** "Our current tax code encourages and instigates class warfare. Today, the top 5 percent of all wage earners pay 44 percent of all income tax—and if Mr. Clinton has his way, this will increase further because he has campaigned on the basis of the 'politics of envy.' He wants to punish with high taxes Americans who have been successful—that is, the people we need to revitalize our economy!"

❖ **Pierre Lamond, venture capitalist, founder of National Semiconductor:** "Every dollar that is taxed away from individual investment or corporate R&D will weaken America's high-technology companies."

❖ **L. J. Sevin, venture capitalist, former chairman of Convex, a supercomputer company, and chairman of Cyrix, a chip supplier:** "The companies that the administration claims got a 'free ride' generated all the jobs and foreign exchange. And the so-called free ride probably earned the government a factor-of-10 return on the investment. Somehow, the administration's attitude seems to be that any money the government does not take in taxes is a gift to corporations."

❖ **John Adler, CEO of Adaptec, a $300-million supplier of components and software to the personal-computer industry:** "I was delighted with President Clinton's initial two-for-one deficit-reduction target. I am now deeply concerned about the trend of moving away from significant deficit reduction to significant increases in government spending. I am not in favor of increased government spending—even if it is called investment, and even if it is directed to high technology."

❖ **Roger Emerick, CEO, Lam Research, a leading supplier of semiconductor-manufacturing equipment:** "Large investments in R&D and in building a world-class manufacturing capability have allowed Lam Research to gain global market share and create 350 new jobs over the past 12 months. Raising Lam's corporate taxes without strong additional R&D and investment incentives will reduce our ability to create jobs in the future."

JOSE LUIS VILLEGAS

Silicon Valley does not stand as a monolith in support of these tax-and-spend economic policies. If anything, the opposite is closer to the truth.

These comments represent only a selection of recent communications with senior executives in Silicon Valley. So as we evaluate the president's program, let's be clear: Silicon Valley does not stand as a monolithic group in support of these tax-and-spend economic policies. If anything, the opposite is closer to the truth.

There is a second dangerous misconception about the president's economic program. It too serves a useful political purpose. Indeed, it is a game as old as politics itself: divide and conquer, or, as Gil Amelio says, preaching "the politics of envy." Yes, the White House tells the American people, we plan to increase spending by hundreds of billions of dollars. But we plan to spend that on "you." Even better, "they"—the bad guys—will pay for it.

The bad guys, of course, are successful individuals and profitable corporations. Throughout the campaign last fall, and through the first two months of the administration, we have heard endless talk about companies which, in the words of Labor Secretary Robert Reich, got a "free ride" in the 1980s. Or, as the president himself put it in the report that followed his State of the Union address, the burden of the economic program will fall on "those who profited most from the uneven prosperity of the last decade."

Somehow, we never get to meet these bad guys. They are never in the room when tax increases are being discussed. Instead, political operatives offer caricatures—images of Wall Street manipulators defrauding investors of billions. Who would not want to tax such "excesses of the '80s"?

So please allow me to reintroduce myself: I am an excess of the '80s. Based on my ownership stake in Cypress, I am one of the people who, in the president's words, "profited most from the uneven prosperity of the last decade." I became a paper millionaire in the '80s—eight times over, in fact.

How did I profit? I started a company in Silicon Valley. I obtained stock in that company when it had one employee (me) and one used computer. I worked with that company for a decade—16 hours a day, six days a week—to help get it where it is today.

And where is it? During its 10-year history, Cypress has generated more than $1 billion in cumulative revenue; made over $160 million in profits, on which we paid $60 million in taxes; and created 1,500 jobs that paid cumulative salaries of nearly $500 million, on which our

employees paid further taxes of $150 million. We have shipped cumulative exports worth $300 million. We have generated a market value of $500 million for our shareholders and employees—all of whom own stock in the company.

If that is an "excess of the '80s," let's have more! As an entrepreneur, I should not have to apologize for my success and that of my company. I am offended by the administration's divisive rhetoric. As we debate the virtues of raising taxes on individuals and corporations, let's not debate abstractions. Let's debate the realities of who pays taxes and the impact of raising taxes on those people and companies.

I don't want sympathy. But I do want to expose the shaky foundations of the logic behind the administration's program. I am a person of simple tastes; therefore, I still have most of the wealth associated with my Cypress shares. What have I done with that wealth? I *invested* it. In fact, I invested it in precisely the kinds of companies on which the administration wants to shower taxpayer subsidies—the world's most advanced competitors in fields such as semiconductors, biotechnology, software, networking, environmental sciences, and health care.

I hold investments in 99 companies through three venture-capital funds. Nineteen of those companies are innovators and leaders in high-speed data communications—real companies that are making real components of today's existing data superhighways. Other companies are innovators in the field of high-performance computing.

Every incremental dollar that Washington takes from me comes directly out of my investments in these companies. I cannot sell my house or car or cut my food bills. But I am going to be forced to invest less. After all, the cash to pay my higher taxes has to come from somewhere. In essence, the administration is arguing that by taking my money in the form of higher taxes and "investing" it in subsidies, it can make better investments—more jobs and wealth—than the venture-capital firms with which I invest—firms that are the envy of Japan and Europe. That logic defies common sense. Does anyone believe that Washington invests more effectively in high technology than the free market?

In February, President Clinton and Vice President Gore visited Silicon Graphics, one of the great new-generation computer companies in Silicon Valley. By all accounts, they were amazed by what they saw. They declared their eagerness to help produce "more successes like Silicon Graphics."

Allow me to reintroduce myself: I am an excess of the '80s. I became a paper millionaire in the '80s—eight times over. How did I profit? I started a company in Silicon Valley.

I own shares in Silicon Graphics. It exists because hundreds of institutions and individuals like me—excesses of the '80s—put their money into the company through venture capital. Washington cannot create more companies like Silicon Graphics. The way to create more Silicon Graphics is to allow knowledgeable investors, steering their money through world-class venture capitalists, to try to fund just the right companies with just the right technology at just the right time. Even these venture experts are not right all the time. But surely they are right more often than Washington.

The Clinton plan also raises taxes on Cypress as a corporation. Suppose, as a result of the plan, that Cypress's corporate taxes increase by $1 million next year. As CEO, I can only take that money directly out of R&D—the lifeblood of the organization. Again, let's be clear about the logic: A tax increase of $1 million means that Cypress will employ 10 fewer Ph.D. technologists than it would otherwise—technologists who would be working on high-performance chips for data superhighways and supercomputers.

The third misconception about the Clinton plan pertains directly to high-technology, high-performance computing and the politically named "electronic data superhighway." It is the proposition that government subsidies are the best way for good ideas to become realities in the market. The administration wants to make government a customer of first resort for high technology—to the tune of tens of billions of dollars.

We have been down this road before. In the 1960s, we had a government that threw money at social problems. It didn't work. In the late '80s, under President Bush, we had a government that threw money in many of the same directions that the Clinton program is now proposing. It didn't work; it brought us a meager 1-percent growth rate for four years. In the '90s, we have a government that wants to throw even more money at such targets. It won't work.

What does work? The ragtag, unmanaged, sometimes-painful melee of the free market. It's not pretty, it's not neat, but it has made the United States the world's technology powerhouse.

Consider my personal investments. Via the venture-capital firms with which I deal, I am

invested in MasPar, a manufacturer of massively parallel computers. On the other hand, venture capitalist John Doerr of Kleiner Perkins Caufield & Byers, another firm with which I invest, believes that the supercomputing field is heading for a fall. His view: "The supercomputer industry is collapsing on itself. It is not a competitive way to solve problems. Why should we invest in dying markets?"

I hope MasPar succeeds. But there is certainly plenty of risk in the investment equation. The best place to sort out that risk is the free market, with dynamic, real-time decision making, not with government programs that often take as long to implement as it takes for major technologies to run their life cycles.

The administration is not alone in putting its faith in Washington over the free market. A few weeks ago, Rep. Edward Markey (D-Mass.), who chairs the House Subcommittee on Telecommunications and Finance, addressed an important computer-industry conference. First he complained that the industry did not lobby enough. I guess those computer executives were just spending too much time back home starting companies, creating products, entering new markets, generating wealth and opportunity. (Markey's comment prompted me to dust off and modify a Vietnam-era phrase: What if they gave a subsidy and nobody came?)

Markey went on to urge the executives to devote special attention to the data superhighway. His reasoning: "This is too important to be left to the invisible hand of the marketplace." I was amazed. The world has seen a socio-economic experiment based on the notion that important things require central planning. It ran from 1917 to 1989, and it failed. Which government-sponsored technology advances would Markey like to compare to the embarrassment of riches generated by the "invisible hand"?

Today, in industry after industry—semiconductor chips, computers, biotechnology—U.S. companies lead the world or are mounting remarkable comebacks against Japan and Europe. Why are we moving forward against our foreign rivals? Because we relied on competition—the invisible hand—while Japan and Europe relied on government targeting and subsidies.

Think about Japan. Just a few years ago, America was in a panic about the Japanese government's massive research program in high-definition television, or HDTV. Today, everyone agrees that Japan's effort was a multi-billion-dollar flop and that America has prevailed—thanks to the messy, uncoordinated innovations of many private companies. Five years ago, we lived in fear of the Japanese Fifth Generation Computer Project. "Tron" was going to walk, talk, and eat our lunch. Today, everyone agrees that it too was a flop and that U.S. computer manufacturers are continuing to extend their global lead.

If Boeing can survive with 20 percent fewer people, the Department of Agriculture can live with an immediate reduction of 25 percent.

Or think about Europe. Amazingly, we still have "experts" who want us to emulate Europe's alphabet soup of technology consortiums, such as JESSI, their equivalent of the U.S. chip consortium Sematech. JESSI showered billions on the European semiconductor industry. It also "rationalized" the industry by allocating certain market segments to particular companies. Siemens became the DRAM company of Europe—and has since gone out of that business. Philips became the SRAM company for Europe—and has since gone out of that business.

After inadvertently weakening its chip industry, Europe then established 14-percent import duties on foreign chips—the next logical step of desperate government policy. The import duty had precisely the effect one might expect: It raised the price of components to European computer makers and virtually wiped out that industry as well. Today, there is no European chip industry or computer industry to speak of—thanks to the role of government programs like JESSI. European taxpayers gave up part of their income to wipe out two critical industries. We can't afford to emulate such failed experiments.

Industrial-policy advocates like to describe a few high-profile cases as success stories. Let's consider two of them. The first is Airbus. It is true that European governments have unfairly subsidized their aircraft manufacturers and gained a large share of the world market. But at what cost? European governments have spent *$26 billion* on Airbus—to directly create 40,000 jobs. That works out to $650,000 per job. The National Venture Capital Association estimates that venture-funded startups generate employment at the rate of $45,800 per job. If Airbus represents industrial policy at its best, is it any wonder that Europe has experienced such chronic unemployment?

The second alleged "success story" is here at home. It has become fashionable to describe Sematech, the chip-industry manufacturing

consortium, as a triumph of industrial policy. It is true that Washington spent or will spend $1 billion of taxpayer money on the Sematech boondoggle. (See "DRAM Scam," February 1992.) It is true that the U.S. semiconductor industry has experienced a resurgence. It is not true that one had much to do with the other.

The U.S. semiconductor industry resumed its leadership position because a new generation of chip companies forged in the '80s, a generation of which Cypress is just one example, created innovative new categories of chips, new business models for how to compete, and new levels of efficiency. In short, we out-innovated the Japanese. America also resumed its leadership in great part because the giant companies of our industry, companies such as Intel and Motorola, realized that they had to adapt or become also-rans. They adapted—and now lead the world.

In the mid-'80s, Intel was losing money and in crisis. In 1992, Intel had become the largest and most profitable chip company in the world. It was Intel's remarkable innovations in microprocessor architectures, along with top management's refusal to accept also-ran status and lots of hard work by thousands of men and women, that allowed it to capture the lead. I am afraid to imagine what would happen if I cornered Intel's CEO, Andy Grove, at a cocktail party and said, "I am glad Sematech saved your company and turned Intel from a loser into a winner. I guess you ought to thank Uncle Sam."

Sematech has made little contribution to America's comeback in chips—certainly no contribution worth $500 million of taxpayer money. Five years ago, when it was created, Sematech's membership included only 14 giants out of the hundreds of America semiconductor companies. In the last year, two of the member firms (the two most entrepreneurial companies, LSI Logic and Micron Technology) left the consortium. Two more companies are reported to be considering departures. The simple lesson: Relentless competition and fast-paced innovation—not taxpayer subsidies—saved the U.S. chip industry.

Surely this is no surprise. Life in Silicon Valley is a daily sprint; government moves at a crawl. Do any of us really believe that Washington can play a decisive, positive role in fields as complex as semiconductors, high-performance computers, or electronic data super highways?

America's entrepreneurial companies have the guts, brains, and drive to beat the best in the world. All we need from Washington is the confidence to let us fight it out.

Think for a moment about the reality of life at Cypress and then extrapolate that to the chip industry and Silicon Valley as a whole. Our company has 150 product designers. We have over 70 technologists. We sell more than 1,500 products. We are working right now on 50 different new products—from high-speed computer memories to data-communications chips. With my technical training and my managerial background, it takes me 16 hours a day to stay on top of this organization.

Cypress is but one $250-million company in a $50-billion semiconductor industry. If you take the details I just described and multiply them by 200, you have a sense of the complexity of the chip industry. If you take that level of complexity and multiply it by another factor of 10 or more, you have the complexity of Silicon Valley. How can the government possibly hope to cope with the details of Silicon Valley? How could the government even know who the players were in any week, let alone pick winners and losers?

The administration's multi–billion-dollar technology plan is classic tax-and-spend economics with a new coat of paint and new jargon. Bridge-and-tunnel pork-barrel programs have been replaced by high-technology pork-barrel programs. But it is pork just the same.

To be fair, the administration is beginning to move the government toward a high-technology vision, a development that I view as favorable. I certainly share its enthusiasm for an America in which computers and communications carry data and video into companies and schools, and eventually into the home. But why does the administration want to spend tens of billions of dollars of taxpayer money to fund technology programs that the free market would pay for without one cent of expense to the taxpayer?

For example, the administration proposes big spending increases on a range of projects to speed creation of the "data superhighway." The technology plan outlined by the administration offers few substantive details about these projects. But the details it does offer make one point clear: Everything in the program is already funded by venture capitalists and in development by innovative private companies, many of which I personally support.

Multiple, competing data highways are being built day by day, company by company, across the United States. Entrepreneurs are

racing to develop new networking systems, new software interfaces, new value-added services. Gil Amelio, whose comments I cited earlier, was a senior executive at Rockwell before he joined National Semiconductor. He reports that his division at Rockwell created the hardware to lay 23 million miles of fiber-optic cable.

MCI, AT&T, and Sprint already have three independent, coast-to-coast, fiber-based long-haul networks. The real issue is extending those networks into the home. There is a role for government in this, but it is not to spend billions of taxpayer dollars on a field that the private sector is willing to fund. The role for government is to untangle the morass of bureaucracy and regulations that prevents private companies from hooking up the "last mile" of fiber to the home.

The regional Bell operating companies would gladly hook fiber optics from the long-haul network to the home. But they are prevented from doing so by regulations that make the huge capital investments uneconomical. Cable operators are already hooked into 60 percent of American homes. They too could make the connection with existing long-haul data superhighways, but they are prevented by regulations that declare them a "natural monopoly" and restrict them to the television and movie business. Finally, the long-haul superhighway could be hooked to the home through wireless circuits. But the Federal Communications Commission has yet to allocate the necessary frequencies.

Washington does not need to "help" by spending billions of dollars on data superhighways. These highways will reach the home for free if government becomes less *un*helpful—if its gets its regulatory house in order and then gets out of the way. Even the Berkeley Roundtable on the International Economy, the liberal think tank that contributed Laura Tyson to head the Council of Economic Advisers, agrees that one centralized data superhighway—in its words, "the all-singing, all-dancing, all-integrated broadband network"—is not how computers and communications will come to the home. What we need from Washington are common-sense rules and a sense of government's limits.

The same logic applies to high-performance computing. The prevailing image of supercomputing in Washington is still tied to the Cold War: giant machines, funded by the defense establishment, deployed to design nuclear warheads or track thousands of incoming missiles. But the Cold War is over. And the era of high-performance computing, at least as it has been conventionally defined, may be drawing to a close. We have seen the limits of gigantic "number crunchers" of the kind developed by Seymour Cray. We are seeing the arrival of smaller machines, massively parallel machines, machines with new architectures designed for ease of software development rather than raw number-crunching capability.

Life in Silicon Valley is a daily sprint. Government moves at a crawl. Competition and innovation, not subsidies, saved the U.S. chip industry.

In short, the high-performance computing industry is entering a period of profound change. This is precisely the time when venture capitalists are most effective at setting new directions and funding new players. Heavy-handed intervention from Washington is guaranteed to retard change rather than to encourage it. Venture capitalist L. J. Sevin, the former chairman of supercomputer maker Convex, puts it this way: "The supercomputer market is changing dramatically because the nature of the technology is changing. The only thing government can do is get in the way of the change—with disastrous results."

Washington should stay away from the intricacies of high-tech competition, whether the issue is data superhighways, high-performance computing, or advanced manufacturing. It should focus instead on the infrastructure of competition—those factors of production that help all companies equally. President Kennedy said it best: "A rising tide lifts all boats."

Members of the Clinton administration love to give speeches about infrastructure: deteriorating roads, falling bridges, aging railroads, even data superhighways. But the real threat to our country's economic future is the condition of our *financial* infrastructure—the scarce supply of reasonably priced capital that successful companies need to build their manufacturing muscle and to create new jobs. If Washington adopted policies designed to lower (and keep low) the cost of capital, it would make a genuine contribution to America's entrepreneurial advances in the '90s.

After years of the most reckless fiscal behavior in American history, the federal government must get serious about reducing wasteful spending. The Clinton administration has boasted about its proposed spending cuts and its reduction in the White House staff. *But it has* not begun to approach the dramatic cuts we need. You can pick up a newspaper any day of

the week and read about the painful efforts of giant companies—General Motors, IBM, Sears—to slash their costs, streamline their overhead, reduce their payrolls. Boeing, a world-class company by any standard, recently announced plans to dismiss 20 percent of its workers. My company, in a decision that was very painful for me, recently dismissed 20 percent of our workers to become more efficient—and we started out as one of the leanest and most efficient chip companies in the United States.

How then, in light of these sacrifices, can the administration trumpet its plans to eliminate 100,000 federal jobs over the next four years—less than 5 percent of a total work force of more than 2 million? Does the administration expect us to believe that if a company as great as Boeing can figure out how to survive with 20 percent fewer people, the Department of Agriculture cannot live with an immediate reduction in personnel of 25 percent?

The opportunities for cuts go beyond personnel. We could spend hours listing wasteful and unnecessary programs—programs that may have made sense 30 or 40 years ago, when they were created, but that makes no sense today. We could begin with two of my personal favorites: the federal wool-uniform subsidy, created during World War II and later expanded to include mohair sheep; and the Interior Department's strategic helium reserve (created during World War I), which is keeping America well stocked for the next blimp war at $120 million per year. Why are we asking for more money from America's hard-pressed people and companies when follies like these exist?

Balancing the budget will also mean cutting entitlement programs, politically even riskier that eliminating the benefits of narrow interest groups. I believe there is only one way to impose real spending discipline: Congress must pass a balanced-budget amendment and approve the line-item veto. No industrial policy or national investment strategy or trade negotiation, no matter how brilliant, would have the same energizing effect on American entrepreneurship as a return to fiscal sanity through dramatic spending reductions.

I wish I could propose a razzle-dazzle plan, complete with spectacular computer graphics, to capture the imagination of Washington and put America back on track. But those of us who are out competing every day understand that there are real limits to Washington's potential contributions to our success—and countless opportunities for mischief and missteps.

America has plenty of work to do on the economic problems we have created for ourselves—problems that trace their roots to fiscal recklessness. Ultimately, though, the economic battles of the '90s will be won in America's factories, labs, and offices—not in the halls of Congress or the corridors of the Commerce Department. That's good news. America's entrepreneurial companies have the guts, brains, and drive to beat the best the world has to offer. All we need from Washington is the confidence to let us fight it out. ◘

T. J. Rodgers is president and CEO of Cypress Semiconductor in San Jose, California.

THE REA

T. J. Rodgers was swamped with supportive letters after his congressional testimony and a subsequent piece in *The Wall Street Journal.* These are excerpts, reprinted with permission of the letter writers, from responses that Rodgers received in March and April.

I have been following your "counterpoint" on the Clinton plan (testimony and *The Wall Street Journal* article) with interest (and support)....

The Clinton plan sets out to penalize those who achieve by disproportionately raising their tax burden. It has never been clear to me how, in a world where markets and jobs are available to those societies which are most diligent, a tax strategy that penalizes those who take risks, work hard, innovate, and achieve makes a country more competitive. The Clinton plan seems to roll back the clock to the very socio-political and economic theories that have been so clearly counterproductive and discredited around the world...

E. A. Sack
President
Zilog
Campbell, California

Thanks for sending me a copy of your Washington testimony. I thought it was great.

J. C. Lewis
Chairman of the Board
Amdahl Corporation
Sunnyvale, California

Your editorial in today's *Journal* was, literally and figuratively, right on the money. I'm quite sure that most high-tech CEOs agree with your position, but most of them lack the guts to say so. Pity.

Frederick Van Veen
Vice President
Teradyne
Boston, Massachusetts

I read the article you wrote for *The Wall Street Journal* and was quite impressed. I agree with you 100%...

James N. Miller
President and CEO
MiniStor Peripherals Corp.
San Jose, California

Thank you for standing up to those boneheads! Your testimony...gives me some small hope that sanity survives somewhere in The Valley....

Watching snippets of the State of the Union address on February 17 and seeing sycophants like John Sculley suck-

ing up to the Clintons almost made me ill. Until I heard of your testimony, I feared that once-proud Silicon Valley, the home of creative, driven individualists, had become just another collection of indentured toadies. The pack of economic illiterates and political hacks comprising this administration literally makes me fear for the continued success of entrepreneurs. Americans are becoming ingrained with the notion of letting government run their lives, and that's scary. The same crowd that can't run an efficient postal service wants to take over medical care and decide which technologies survive and which fail...

I don't know if you've ever read *Atlas Shrugged*, but the idea of productive people going on strike against the socialists is becoming more appealing to me as time goes by. I don't know when this nonsense will be turned around, but your efforts are certainly appreciated by those of us with a libertarian outlook.

Jim Switz
Sales and Marketing Manager
Trantor Systems Ltd.
Fremont, California

Thanks for your courage in standing up to two protectionist presidents. You stood almost alone, and you refused to back down. And you were right.

Craig Franklin
Vice President of Marketing
Green Hills Software
Santa Barbara, California

I read with great interest your recent column in *The Wall Street Journal*...and agree wholeheartedly with your assessment and perspective on this country's problems. The long list of tax credits and subsidies for the lower income brackets and the welfare recipients creates a disincentive to those of us that work hard to further our careers and professional success.

Walter G. Kortschak
General Partner
Summit Partners
Palo Alto, California

I have been reading with interest about those of you in the Silicon Valley who have not been won over by President Clinton's economic program.

Most of us in the restaurant industry are not very pleased with his programs either. I am spending more and more time trying to stop the onslaught of socialism, or whatever it is we are facing....Keep up the good work!

Robert T. Larive
President
Fior D'Italia
San Francisco, California

I write to compliment you on the editorial-page piece in today's *Wall Street Journal*. For a variety of reasons, foremost being the shallowness of the electorate, today's Washington suffers from more than a normal ratio of demagogues to statesmen....

I intend to carry copies of your article to leave with lawmakers and staff. It's never too late to change an attitude or an opinion; let's hope your work will do so.

Terry L. Claassen
President
Corn Refiners Association
Washington, D.C.

Right on! Your editorial...addressed a number of points that should be constantly driven home to the voting and hopefully thinking public in this country.

Robert Weyhe
Dry Creek Property and Investment Co.
San Jose, California

Your message is a critically important one that somehow the larger business community must get the clowns in Washington to understand. We are a small company at the opposite end of the technological spectrum from Cypress (we design and market high-end home furnishings). But higher tax rates present exactly the same tradeoff for us—more taxes mean slower growth and fewer new jobs. The only way out of our current mess is lower taxes, lower spending, and free-market growth. Period.

Donald H. Gleason
President
Summer Hill Ltd.
Redwood City, California

I must applaud you for your comments....

The caricatures of Milken and Boesky are brought up by the politicians and the media as a way of pandering to the baser emotions of the general public. This cultivation of spite is seen everywhere. Celebrities are held up as heroes and claim that they were oppressed in the eighties while signing mega-million dollar deals, congressmen bounce checks, molest coworkers and then tell us how rotten we are in the private sector. A successful business person is never shown as heroic, they are not even portrayed as decent people....

I think there are many of us who agree with you.

Anthony Bernardi
Vice President
Global Marketing
McLean, Virginia

It is nice to see someone have the courage to speak the truth to the Clinton administration. I hope more people like yourself have the courage to come forward in the near future.

Charles Splaine
Splaine & Associates
Los Gatos, California

BLAH
BLAH
BLAH

Who killed Laura Palmer? In 1990, this became the hottest television question since "Who shot J. R.?" But the two shows that spawned those questions couldn't have been more different. *Dallas* was just an old-fashioned soap opera—a genre that had been pioneered on radio back in the 1930s. It featured the usual cast of rich men, attractive mistresses, and alcoholic wives. Its plot elements were simply racier and more-upscale versions of what the soap operas of the '30s had used: adultery, family feuds, dishonest business deals.

But *Twin Peaks*....Television hadn't seen anything quite like it before. A surreal examination of the sordid underbelly of small-town life, the show had as central characters a midget who talked backwards, a singing FBI agent, and a woman who carried a small log everywhere. A key plot element was the demonic possession of one of the town's residents.

For one brief moment, the avant-garde images of *Twin Peaks* creator David Lynch (previously best known for art-house films such as *Eraserhead* and *Blue Velvet*) dominated the mainstream. And although *Twin Peaks* mania lasted less than a television season, the show permanently altered the TV landscape, opening the way for other off-kilter shows such as *Northern Exposure* and *Picket Fences*.

In the 10 years separating the shooting of J. R. Ewing and the death of Laura Palmer, television had changed dramatically. Cable had finally come into its own, and Rupert Murdoch's Fox network had begun to establish itself as a force. Increasingly, the television-viewing audience had fragmented. In 1980, the big three networks had over 90 percent of all prime-time viewers; by 1990, they could get only 60 percent of the prime-time audience. More than half of all TV sets tuned in to find out who shot J. R. But only a quarter of all viewers watched the *Twin Peaks* episode that unmasked Laura Palmer's killer.

For 30 years or so, television defined a broad-based popular American culture. But beginning in the '80s, that culture began to break down, dividing into small subcultures, as technology, deregulation, and market demand made it increasingly difficult for the broadcast networks to attract a broad national audience. In turn each of these subcultures influences each other, producing a mainstream culture that is currently evolving at an ever more-rapid rate.

As television enters the 21st century, it offers a variety that viewers never could have imagined when they sat down to watch Jackie Gleason for the first time 45 years ago. The typical viewer has access to 30 channels today, compared to two or three in the early '50s. And these channels offer everything from music videos to soft-core sex films to classic movies.

This diversity has provoked a backlash. On the right, cultural conservatives such as Michael Medved decry the sex, sin, and violence that television brings into their homes. On the left, the type of intellectual who in the '50s complained about television creating a bland, homogenized popular culture now argues that TV is offering too much variety. "Whatever its failings, a mass medium creates a sense of community," writes Ken Auletta in *Three Blind Mice*. "[T]he public has an investment in the larger public purpose a network can perform..." Each side overstates the dangers of diversity and ignores the benefits from an expanding television universe.

In many ways television is beginning to resemble radio, with a multiplicity of channels serving a large number of specialized tastes. And we can see the future of television by looking at the past of radio. What is particularly interesting about the history of radio is that the musical genres it fostered did not exist in isolation; each form influenced the others, producing new forms of entertainment. And the technology of radio brought the sounds of these diverse musical forms into millions of homes, enhancing and speeding up this process of evolution.

In the '20s and '30s, the CBS and NBC radio networks established themselves as media of mass national culture. Each night families gathered to listen to shows such as *Amos 'n' Andy* or *The Fred Allen Show*. Radio was the primary source for news. Along with motion pictures, it determined American tastes in music and drama. And radio helped create a national music—a jazz-based "pop" that appealed to all ages, regions, and races. The networks banned songs that were racy or that might offend some segment of their audience, and they blacklisted controversial artists.

But beginning in the late '40s, technological innovation and changes in federal regulations quickly ended the networks' cultural dominance, much as 40 years later similar changes would cripple the broadcast television networks. The biggest change was the introduction of commercial television broadcasting. TV quickly became *the* medium of national mass culture. By 1955, over half of all U.S. homes had a television. Families that had previously listened to network dramas and variety shows quickly abandoned radio for similar shows done on television. According to the A. C. Nielsen Co., the average family's daily radio listening dropped by 50 percent between 1948 and 1956, from 4.4 hours to 2.2 hours.

But even as radio's national audience was deteriorating, the FCC was licensing new radio stations at an unprecedented rate. There were 973 radio stations in 1945. By 1950, that number had increased to 2,867; by 1960, there were 4,306 radio stations in the United States.

With the national radio audience dead, radio in the '40s and '50s began to go after niche audiences, bringing new sounds out of urban bars and country honky-tonks. Country music had been on some Southern radio stations for decades, but the many new low-power stations serving rural communities quickly established country as their format. This exposed country artists to millions of more listeners and spurred record sales to new highs. Moreover, this music defied the norms of the dominant "pop" culture. While Frank Sinatra was singing about broken hearts and Bing Crosby was crooning love songs, country artists like Hank Williams were singing earthy songs about adulterous affairs and getting drunk.

Similarly, in Northern cities, radio stations went after a black audience by playing rhythm & blues, the down-and-dirty cousin of jazz. Again, this music explicitly violated the norms of mass culture. Songs such as "Baby (You've Got

What It Takes)" and "Roll with Me Henry" were full of sexual energy. But programmers didn't have to worry that much about offending mainstream listeners because most of them were watching television.

Of course, the synthesis of blues and country spawned rock, a music form that was vigorously opposed by the mainstream. But by the end of the '50s, many stations were specializing in rock. And as the years went by, musical forms continued to subdivide, and each form had radio stations specializing in it. Today, in Los Angeles, one can find classic rock, progressive rock, country, salsa, ranchero, and rap sharing the radio dial with all-talk and all-news stations.

The history of television over the past 15 years has been remarkably similar to that of radio in the '50s and '60s. Not surprisingly, the first way that cable channels such as HBO tried to distinguish themselves from the networks was by offering more sexually explicit programming. The schedules of HBO and Showtime were—and still are—full of unedited R-rated movies and original programming full of completely gratuitous nudity. This sort of programming cuts at the heart of network television by stealing away the demographic group most prized by advertisers: young urban viewers.

Filmmakers and television programmers have long known that young people tolerate—even demand—a greater degree of sexual explicitness and violence than other groups. As James Baughman notes in his book *The Republic of Mass Culture*, polls consistently show that young moviegoers want "vivid sex scenes." Young adults' taste for sex and violence has always been a problem for broadcast networks. Young urban professionals have always been the group most valued by advertisers, and young people's demand for sexy or hip programming has always been well-known. The problem for the networks has been how to attract these valued viewers without offending the larger audience.

Back in the '50s, ABC had no such problems. It wasn't attracting a larger audience anyway. The network was a distant third. NBC and CBS had all of the major stars locked up in big-money contracts. Further, because there weren't as many stations then, ABC had to share affiliates in some areas with one of the other two networks. The company gambled that by airing risky programming it could attract young viewers and make a name for itself.

The first of these series was *Maverick*, starring James Garner. The show looks rather tame by today's standards, but for 1957 it was revolutionary: The protagonist—Brett Maverick—was a coward, a con man, and a professional gambler, not the tall, straight-shootin' hero of the traditional western. Each week writer-producer Roy Huggins satirized all of those traditional values that the western held so dear. Honor, chivalry, integrity—Maverick would have none of that. And it worked. *Maverick* immediately grabbed the most-prized demographic groups and slowly gained a mass following, cracking the top 10 in its second season and remaining there for the next four years.

The next year, Huggins was back with *77 Sunset Strip*, the first of the sexy detective shows. Granted, this was still the '50s, so Stu Bailey and Jeff Spencer were never shown even kissing any of the girls they dated. But the audience was hip enough to figure out what they were doing with that seemingly endless procession of beautiful starlets that passed through their apartments. Later in the decade, ABC brought viewers *Ben Casey* (a young doctor who in each episode managed at least once angrily to defy the older doctors running his hospital and bare his very hairy, muscular chest) and *The Untouchables* (still one of the most violent series ever aired).

J. Fred MacDonald notes in his book *One Nation Under Television* that critics looked at these shows and accused ABC of dumping "garbage onto the rugs of the American people every night." But network executives could weather such criticism. By the '60s, ABC was still in third place, but thanks to sex and violence, it was turning a profit and was a viable network due to its relatively large number of young viewers.

In the early '70s, CBS found itself in a dilemma. It was the number-one network, but it was losing valuable younger viewers to shows such as *Laugh In* on NBC. So in the 1970 and 1971 seasons, CBS canceled a half dozen country comedies, including *The Beverly Hillbillies*, *Petticoat Junction*, *Hee Haw*, and *Green Acres*. Each of these shows was ranked in the top 20, but their viewers were too rural, too poor, and too old.

These shows were replaced on the week's schedule by daring shows such as *All in the Family* and *M*A*S*H*. CBS gambled that if it could attract young viewers, the broader audience would follow. The new shows might offend older, more conservative viewers—certainly these shows were more likely to shock than *Green Acres*. But what were these viewers going to do—change the channel to *Laugh In*? In effect, market forces meant that the networks were always pushing the envelope ever so slightly. They needed shows that would titillate but not offend.

But in 1974 the dynamics of network programming changed. That year HBO put its signal on satellite, delivering the network to cable systems all over the United States. A little less than a year later, Ted Turner put his Atlanta television station WTBS on satellite.

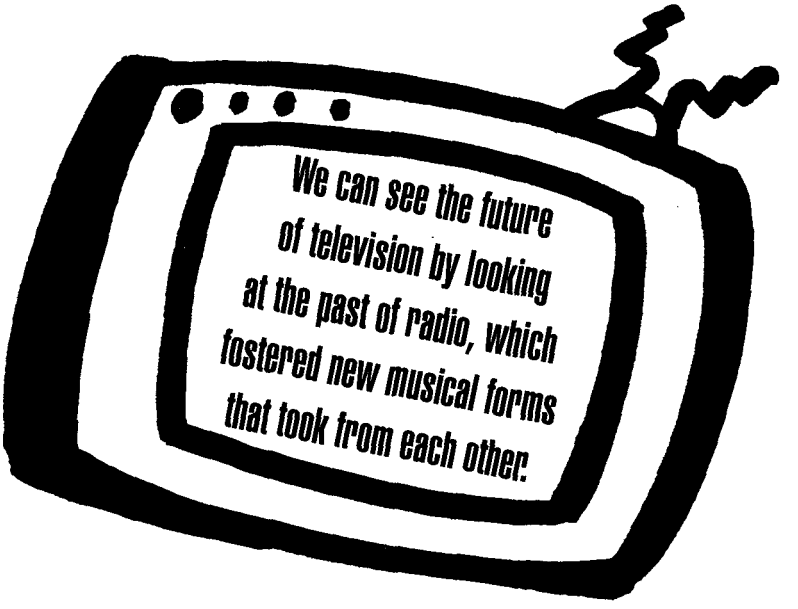
The initial programming strategies of these two outlets represented the dilemma that cable would pose for the networks. If some viewers wanted daring, sexy programming, they could buy HBO (and later the Playboy Channel or Showtime) and see all of the bare boobs, raunchy comedians, or violent deaths they could stomach. If, on the other hand, a viewer wanted cleaner, more wholesome entertainment, he could turn to TBS and catch all of those rural comedies canceled a few year earlier by CBS.

Now the networks faced a new dilemma: If they made their programs sexy enough to compete with cable, they would drive away the family audience. If they made them more wholesome, they would lose young viewers to HBO.

The answer to this dilemma was provided by a novice to the American broadcasting world: Rupert Murdoch. In 1986, Murdoch started the Fox network, and he never had any illusions about getting a broad audience. He went after young urban viewers—the people most valued by advertisers. Fox's shows—*Married with Children*, *Studs*, *A Current Affair*, *The Simpsons*—pushed the envelope of good taste. The housewives of Minnesota were outraged, but they weren't Fox's viewers. A mere five years later, Fox was still the fourth-place network, but it was number one among the demographic groups it had targeted, and Fox was the second most profitable network.

At first, Fox's rise to prominence seems like ABC's rise to profitability in the '50s. But there is a difference. ABC planned to become, and eventually did become, a broad-based network, balancing the tastes of its young urban viewers against those of other, more conservative viewers. Fox shows no signs of reaching out to a broader audience. It has established an identity as the network of young people. If other viewers also happen to like its programs and turn them into mainstream hits—as they have done with *The Simpsons*, *Married with Children*, and *Beverly Hills 90210*—great. But the network still targets its programs solely at young people.

Narrowcasting isn't simply a recipe for more sex and violence, however. It can also give a voice to political, religious, or artistic views that are too *conservative* for the mainstream. Back when the networks dominated television they had to target their wares to the broadest market. If religion showed up at all, it tended to be safe, moderate, and mainstream; religious figures or views that were controversial or even just marginal had no place on the dial. ABC may have had a place in prime time for Bishop Fulton Sheen, but can one seriously imagine the network airing a show hosted by a Hasidic rabbi or a fundamentalist preacher? But today there are cable shows, and even entire networks, aimed at charismatic Christians, orthodox Jews, Buddhists, and probably some religions that I've never even heard of.


We can see the future
of television by looking
at the past of radio, which
fostered new musical forms
that took from each other.

In the past, if television got too sexy, the only choice conservative viewers had was to watch programs that offended them or to give up television. Now if TV watchers find even network programming too sexy or irreverent, they can turn to Pat Robertson's Family Channel and see shows that are wholesome and family oriented.

Indeed, the Family Channel demonstrates the true strengths of cable. Originally, it was a vehicle for Pat Robertson's evangelism, but Robertson and his son Tim saw a market niche that they thought was underserved, so they began devoting more of their programming schedule to family-oriented entertainment. Today, the channel still has *The 700 Club*, but most of its schedule is filled with shows such as *Maniac Mansion* and *Zorro* that are, as Tim Robertson told *The Wall Street Journal*, "solid entertainment where good guys win, bad guys lose, people aren't engaging in gratuitous sex." (The schedule is not completely unobjectionable; the Family Channel's heavy lineup of westerns makes it one of the most violent spots on the TV dial.)

As people choose other forms of entertainment, the audience for the big three is being whittled to pieces. In 1978, the median rating for a top 20 show was 22.8 (each rating point represents a little more than three-quarters of a million viewers); by 1988 the median rating was 18.8. The numbers for network shows ranked even lower plummeted.

Oddly enough, this worries some on the political left. Ev Dennis, executive director of the Gannett Center for Media Studies argues, "We have shared values that are enhanced by three networks. For the same reason that we don't favor five hundred languages in the country. It does create a national consensus of values and what we think is important."

But America won't be speaking 500 languages. It will be speaking one language with a very expansive vocabulary. Each of these channels will be brought into the home through one medium, allowing viewers to sample a large variety of smaller cultures and add to their lives the elements that appeal to them. Most rap music is now bought by white suburban teens. It's unlikely they would ever have ventured into the Harlem clubs, where rap originated, but once MTV added the genre to its play list, whites fell in love with rap. In turn, Hollywood filmmakers eager to attract young people to their action films have made

movie stars out of rappers such as Ice T and Ice Cube.

Meanwhile, the Nashville Network has brought country music into the homes of people who never would have tuned to country radio, fueling the biggest sales the genre has ever had. A new breed of country artists has attracted millions of new fans to the music. But each performer brings his own unique sound to the genre. Travis Tritt draws upon the Southern rock of bands like Lynyrd Skynyrd and the Marshall Tucker Band. Dwight Yoakum uses elements of Mexican-American ranchero music. Clint Black incorporates elements of the Southern California rock sound of the Eagles and Linda Ronstadt.

The result is that the "sound" of country music is bigger and more diverse than it has ever been. But even as country music absorbs other sounds, it has begun to divide. Already some radio stations have begun to specialize in different types of country—easy-listening format for stations serving Northern markets or ranchero-country formats for the Southwest, for example.

Indeed, what is happening in country music is a paradigm for how television will shape the popular culture of the future. New channels will reach out to niche markets. Very often these markets will remain small, but in some cases, millions of viewers will be introduced to a genre of music or a type of filmmaking that they have never seen before. They will adopt it and make it part of the mainstream. But even as this new form of entertainment enters the mainstream, it will be transformed, and its audience will begin to fragment, beginning the cycle anew.

And if viewers aren't energetic enough to sample new forms of entertainment, artists eager for new inspiration and entrepreneurs searching for new products are. Few young girls have been in a transvestite bar, but they all learned how to vogue a few years ago when Madonna brought the dance out of New York after-hours clubs and into her videos.

And while few Americans patronize art-house theaters, they've all now been exposed to the peculiar vision of David Lynch thanks to *Twin Peaks*. As *Twin Peaks* demonstrated, particular shows still have the ability to transcend their target audiences and permanently alter mainstream sensibilities.

Of course, this really isn't a new process; it's simply the old story of how popular culture evolves. What is new is the speed at which it will happen. Previously, for example, people could only learn about new music forms by hearing them in nightclubs. Records changed all of that. But people still had to seek out the right records. Now television delivers the latest acts directly into the home, allowing people to absorb and assimilate new types of music more quickly. And easy channel surfing by remote control encourages far more cultural exploration than the radio dial ever produced.

This exploration will lead to an even greater variety of entertainment, as each artist draws upon an expanded universe for inspiration. It also means that fashions will pass much more quickly. Overnight, today's "hot" looks, sounds, and artists will become passé.

Narrowcasting isn't just a recipe
for more sex and violence.
It also gives a voice to
views too conservative
for the mainstream.

But their work will be preserved forever. Paradoxically, evolving video technology also makes it easier for people to remain outside of popular culture when that culture changes in ways that they do not like. When network television entered its "jiggle" phase during the 1970s, with shows such as *Charlie's Angels* dominating the airwaves, most people had one choice: watch the shows or abandon television. Now if the networks are too sexy, one can turn to TBS or to the Family Channel to watch older, more wholesome TV shows, or one can rent older, more wholesome movies at Blockbuster.

Such alternatives act as a brake when culture begins to change too rapidly. They also act as a tie to our culture's past. Previously, after films had ended their theatrical runs, they could only be seen occasionally at revival houses or on late-night movies. Now, cable channels such as TNT and American Movie Classics deliver a steady stream of old movies into viewers homes, and the corner video store typically has hundreds of old movies on tape. Soon, cable systems will have the capability to provide true pay-per-view movies on demand, allowing subscribers to access any movie on video or any episode of any television series ever made anytime they want simply by picking up their phones.

Again, even if consumers don't actively seek out these choices, artists eager for inspiration will. Already, artists reach back into the past, whether it is Madonna copying the "looks" of Marlene Dietrich or Marilyn Monroe, or Brian de Palma copying visual passages from Alfred Hitchcock films, or Guns 'n' Roses doing remakes of songs by Paul McCartney and Bob Dylan. Making it easier for artists to access old works can only facilitate such sampling.

As America prepares for the 21st century, television's role as the dominant cultural force remains unchallenged. But the networks' domination of television is over. In the future, Americans will not be united by a bland, one-size-fits-all culture. But they will not be divided into multitudes of tiny subcultures either. They will be united by a common cultural bazaar, where hundreds, perhaps thousands, of merchants compete for their attention, and in the end, we will all be tied together by the best that market has to offer. ■

Charles Oliver writes for Investor's Business Daily.

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WHEN PARADIGMS COLLIDE

BY JAMES P. PINKERTON

Picture this: The Progressive Policy Institute holds a conference called "After the Los Angeles Riots: New Perspectives on America's Urban Crisis," and hardly anyone praises Bill Clinton. The story could be a movie. It lacks sex, but it has plenty of drama.

The PPI is an offshoot of the Democratic Leadership Council, the group of moderate-to-conservative Democrats that Clinton chaired until he resigned to run for president. Using DLC credibility, Clinton campaigned as "a different kind of Democrat." That's the setup.

Now the plot thickens: The leading man, having gotten what he wanted, abandons the people who helped him on the way up. The treatment for *The Sweet Smell of Success*? No, this is a new story. Call it *When Paradigms Collide.*

Henry Cisneros talks about "reinventing HUD," but his real goal is the reinvention of American society.

Scene 1: The new secretary of housing and urban development, Henry Cisneros, rolls up to a plush Washington hotel in his limo, is bustled into the room, shakes hands, and starts speaking. This is no impromptu talk. This is a Speech. Cisneros has his script down cold. Sample line: "We must infuse throughout all our programs a sense of upward lift. Our business is not just to create housing but to make housing a platform for upward mobility."

Cisneros has star presence—not just movie-star looks; he dresses better, styles his hair better, and carries himself better than the nerds, job seekers, academics, and journalists in the audience. He talks a little about "reinventing HUD," but the thrust of his speech is the reinvention of American society. He concedes that "scandal, ineptitude, and bureaucracy" are the appropriate word associations for *HUD.* But such concessions serve mainly to ladle mud on his predecessor, Jack Kemp. Cisneros decries the "backlog of inadequacies...financial systems, control systems, flawed organizational structures." He is doing his part to write the 1996 remake of last year's hit, *Triumph of the Bill.*

But Cisneros's main focus is a different set of problems: "racism," "discrimination," and "neglect." These lines were boffo at the political box office in the '60s; it's surprising to hear them today, in the wake of the Great Society.

There's also a confusion in Cisneros's message. On the one hand he says, "We must invest in central cities." (As if the first $2 trillion in social-welfare spending were just table stakes.) On the other hand, Cisneros declares that "spatial separation"—between the poor and potential jobs—is the biggest problem. So which is it? The answer, to Cisneros at least, is obvious: Spend more on both.

Cisneros does not shrink from the challenge. "We need to work with the Labor Department...with the Department of Commerce," and so on: Education, SBA, HHS... Nobody ever thought of that before!

Cisneros adds, seemingly without irony, that he will "delegate responsibility deeper in the system." No one asks how bureaucrats can give away money without falling prey to favoritism and cronyism, if not outright corruption. Why bother? Cisneros is too sleek and moves too fast to be slowed down by tough questions. You just know that, having been the first Hispanic mayor of a big city and the first Hispanic HUD secretary, he'll go on to become the first Hispanic everything else.

Scene 2: Fred Siegel follows Cisneros at the lectern. He is a different kind of different Democrat. For one thing, he's shorter and rounder. Siegel looks like what he is: a professor (at Cooper Union University), an editor (of *The City Journal*), a New Yorker (and also a colleague of mine at the Manhattan Institute).

Siegel's message is different too: What Cisneros said was "old wine in new bottles...an update of Model Cities, wrapped in the rhetoric of responsibility." Siegel is just warming up: " 'Responsibility,' " he says, "is the Clinton administration's verbal amulet," the word they use to ward off accusations that they are just tax-and-spend liberals. "The problem of the cities," Siegel says, "is the way that city governments actually work."

Siegel brings up the underclass, to which the politically correct Cisneros barely alluded. Siegel asks: "How can you demand a work ethic for people on welfare when [city governments] don't demand a work ethic of their own employees? Cities that think of themselves as victims are ill-prepared to draw their underclasses out of victimization." New York City, Siegel notes, tripled its budget, from $10 billion to $30 billion, during the '80s. Yet the bureaucracy is so incompetent that it even loses money on its Off Track Betting operation. In Gotham, even bookies get a government subsidy.

Supporting characters round out the story:

Philadelphia Mayor Ed Rendell describes the situation when he took office. Philadelphia had lost one-third of its tax

base in the previous decade, chased out or destroyed in large part by 19 different tax increases. And still the city had a $250-million deficit. Where did the money go? The city was "horribly mismanaged," with "work rules that... exist[ed] nowhere else on earth." City firefighters were contractually entitled to 47 days off per year. Think about it: That's almost one workday in five.

Rendell's experience supports the argument that the problems of the cities are systemic and structural. His predecessors in city hall included a white conservative (Frank Rizzo) and a black liberal (Wilson Goode). But as Rendell describes it, they both "want[ed] to keep the peace with the city unions." Thus Rendell inherited "a bureaucracy that's immovable—managers couldn't promote, demote, give bonuses, they had nothing to do with managing. Nobody cared."

Author Joel Kotkin, another Democrat, describes the small-scale entrepreneurship that is building the cities from the bottom up. Kotkin warns against "repetition of what we did in the '60s." If G.M. and IBM are too ponderous and incompetent to help the cities from the top down, one can only wonder how HUD will succeed. Kotkin's bottom-up vision is similar to that of Hernando de Soto, whose book *The Other Path* describes the efforts of ordinary Peruvians to earn a living in spite of the government. Kotkin on Cisneros's speech: "gobbledygook."

Errol Smith, a black Los Angeles businessman and radio talk-show host, was born and raised in Harlem and the South Bronx. He gets an attentive hearing. Blacks who succeed, Smith says, have "a different set of values, cultural beliefs, a different set of attitudes." Then the punch line: "It's very clear to me that...Dan Quayle was right." The room bristles. These are Democrats, after all.

Smith keeps going. What we have is "a deficit of values and attitudes." A cynic might ask what good all the HUD secretaries have done when, as Smith puts it, "we have an entire generation of people who believe that they cannot make it on their own...and outsiders who also think the same thing."

Smith's solution? We need "a paradigm shift." We must "remove the genuine barriers to enterprise...in order to drive a taxicab in New York—$175,000 for a medallion." Getting on the ladder of upward mobility "should be the kind of opportunity that's available to anyone."

Joe Klein, the *Newsweek* columnist who is emerging as the Clinton administration's fiercest friendly critic, leans over and whispers: "Pinkerton, this guy is a figment of your imagination." But Smith is real. I have witnesses—although none of them works for the Clinton administration, which was unrepresented at the conference after Cisneros's keynote address.

A funny thing happened on the way to the White House: Clinton got elected. Since then, the reformers of the PPI and DLC have sunk from view, crushed under the weight of the new acronyms: VAT, BTU, and HRC. The suspicion is spreading in Washington that Clinton is...a liberal.

After hours of exhaustive speeches and panels, Siegel is still buzzing with intellectual energy, still critiquing and kibitzing. He observes that nobody at the conference even mentioned Clinton's effort to spend billions for more community development block grants. After praising some pieces of Clinton's urban program, such as extending the low-income housing tax credit and toughening equal-housing enforcement, Siegel assesses his president: "In practice, Clinton is nine parts old liberalism and one part New Democratic rhetoric."

Siegel reminds me that Cisneros said one in five American children are born in poverty, and the percentage for blacks is one in two. So, Cisneros concluded, the probability of childhood poverty is a "flip of a coin." His dudgeon high, Siegel snorts: "It's not the 'flip of a coin' that determines who's born poor. It's which kids have two parents."

A smart point, one of many made by these forlorn Clinton supporters during the day. Of course, Cisneros didn't hear any of them. He was long gone.

James P. Pinkerton is the John Locke Foundation Fellow at the Manhattan Institute's Washington office.

FREEDOM OF INFORMED CHOICE: FDA VERSUS NUTRIENT SUPPLEMENTS

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INCONSPICUOUS CONSUMPTION

BY JONATHAN MARSHALL

Rarely has a technical issue in economics generated so much passion or consumed so much ink as the dispute over changes in income distribution in the 1980s. Polemics flew last year in *The Wall Street Journal* between former President Bush's top economic adviser, Michael Boskin, and MIT economist and Clinton adviser Paul Krugman. Any number of liberal politicians, including President Clinton, have decried the alleged demise of the middle class and the runaway gains of the rich. Yet this "fairness" debate, so important in the 1992 presidential campaign, has been fundamentally misguided by arguments over the wrong data.

Caught up in analyzing numbers, economists sometimes forget what they are really trying to measure. The fairness question has centered entirely on comparisons of income, an easily quantified and understood concept. But income is really only a proxy for something more important: material welfare. And in this regard, income proves to have been a highly misleading indicator.

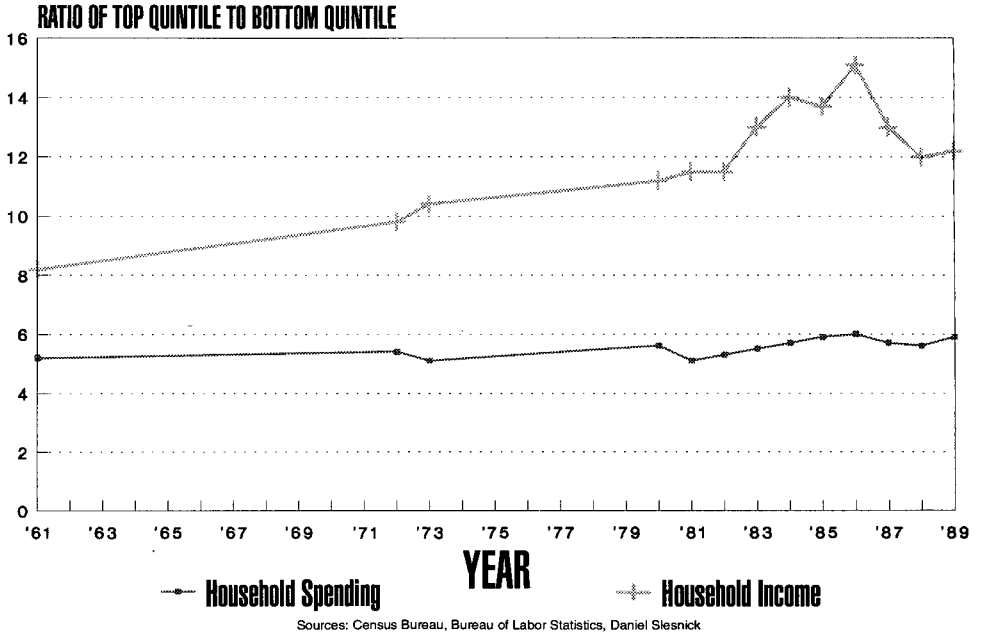
With this realization, a growing number of social scientists are taking another look at the data and coming to surprising conclusions. The traditional view that inequality followed a U-shaped curve—falling in the 1960s and '70s, only to rise sharply in the '80s—may be flat wrong.

"The corrected statistics show that the standard of living is rising, inequality is falling, and poverty is disappearing," asserts the distinguished Harvard economist Dale Jorgenson. "The 'fairness' issue that has dominated the recent debate over tax policy is based on faulty statistics."

Economists have long understood that consumption is a better measure than income of welfare and that the two often diverge. A telling indicator is the fact that, according to government surveys, the bottom fifth of households in 1990 actually spent 80 percent more than their reported income. A study by MIT economist James Poterba of 1985 data shows that only 61 percent of people in the bottom income tenth were also at the bottom in terms of consumption.

Two Measures of Inequality

INCOME VS. CONSUMPTION



Sources: Census Bureau, Bureau of Labor Statistics, Daniel Slesnick

How could this be? The poor are usually eligible for substantial noncash benefits, including medical care, food stamps, and housing allowances, which do not show up in official income statistics. And many people, including those on welfare, work in the informal or underground sectors of the economy without reporting their full incomes. (Northwestern University sociologist Christopher Jencks devotes a chapter of his recent book, *Rethinking Social Policy*, to documenting this finding.)

People may also "consume" more than they earn if they own substantial assets, such as houses. A surprising 40 percent of all poor households own their own homes, the overwhelming majority of which are in good condition, according to surveys by the Census Bureau and the Department of Housing and Urban Development. These homes provide an important stream of valuable services (shelter being the most obvious) even when family income is low.

Another major reason for the wide discrepancy between income and consumption is that people save or borrow to smooth out transitory income gains or losses. They try to maintain a relatively level degree of consumption that reflects their long-term resources, or "permanent" income. Consumption at any given time may thus be higher than actual earnings.

For example, a medical school student may appear impoverished by normal measures of income yet live reasonably well by borrowing against his or her future income. Someone who receives a one-time bonus or large capital gain may show up in that year's statistics as rich yet save the windfall and maintain a

modest standard of living.

Imagine a society in which every citizen becomes unemployed at age 40 for one year but otherwise enjoys exactly the same salary. Everyone is therefore equal. Yet an income-distribution chart would show a huge gap between individuals earning nothing and those earning the standard salary—a false sign of inequality. Measures of consumption, however, would more accurately show everyone nearly equal—since most people would save to tide them through their year of unemployment.

In the real world, individual incomes do bounce around from year to year. A one-year snapshot thus gives a misleading picture of long-term welfare. Nearly half of all poverty spells last no more than a year, for example. And in any given year, nearly a quarter of all people in the bottom fifth of income move up and out. At the same time, many of the temporarily rich move down a notch or two. The result is that the distribution of resources over time is much more equal than income measures suggest.

Even critics of the Reagan era grant these observations. For example, Harvard economists David Cutler and Lawrence Katz, now chief economist at the Department of Labor, state in a recent working paper for the National Bureau of Economic Research that "economic theory suggests that permanent income or consumption is a more accurate measure of the distribution of resources than is current money income."

Measures of consumption are not only better indicators of well-being at any one time but also better indicators of changes over time. Christopher Jencks and Susan Mayer, a sociologist at the University of Chicago, argue in a new paper that "the distribution of reporting errors, taxes, saving and borrowing, noncash benefits, physical and financial assets, consumer efficiency, household size, age, physical and mental health, and work-related expenses have all changed over the past generation. As a result, changes in the distribution of income need not imply parallel changes in the distribution of material well-being."

Why, then, do the vast majority of economists persist in haggling over census data on personal and household income? The reason may simply be intellectual inertia: The numbers are easy to get and familiar to work with. "We are wedded in tradition," says University of Texas economist Daniel Slesnick, a leading revisionist. "I don't think it is a matter of dispute that it is better looking at consumption rather than income, but there is a large investment in this income data."

What difference does this make to the fairness debate? It turns out that consumption can be measured—thanks to Census Bureau surveys of consumption expenditures—and that the data throw an entirely new light on changes in material welfare over the decades.

Recent unpublished work by Slesnick, who pioneered some of the analytical techniques with Jorgenson, suggests that "the level and trend of inequality" when measured in terms of consumption "is dramatically different from the income inequality index." By 1989, the level of inequality was 23 percent lower than in 1947, he found. Most of the trend toward greater equality took place between 1958 and 1973, but no reversal took place thereafter. The infamous U-turn in inequality, he declares, is simply "illusory."

Slesnick adjusts the consumption data according to sophisticated econometric estimates of individual needs in different household types based on actual expenditure patterns. He accounts for such variables as family size, type of residence (farm or nonfarm), region of residence, and the age, sex, and race of the household's head.

Some of his adjustments are not particularly controversial. Most economists agree that bigger families need more resources than smaller ones to maintain the same standard of living, for example. (This adjustment can be significant, since families in the highest income fifth are 80 percent larger, on average, than those in the bottom quintile.) On the other hand, Slesnick admits that there is no consensus behind his adjustments for sex and race.

But even scholars who part company with Slesnick on some of these points come up with similar results. Mayer and Jencks, for example, calculate that the ratio of the top quintile's consumption to that of the bottom quintile changed only microscopically from 1972-73 to 1988-89, from 4.78 to 4.81. Comparable ratios for income, on the other hand, were much higher and rose faster, from 7.95 to 9.79. "My conclusion is that there was really not an increase in inequality to make any fuss over," Mayer says of her findings.

Using different assumptions of what adjustments are appropriate between different kinds of households, Cutler and Katz produce more pessimistic conclusions from the consumption data. But even they acknowledge that income measures make matters look worse than they are. Their top-to-bottom consumption ratio rises from 3.9 in 1972-73 to 5.1 in 1988-89, but even in the latter period the level of inequality remains only half that for income. Using their consumption measures, moreover, brings the poverty rate in 1988 down from 12 percent (as measured by the census) to 8.6 percent.

What should one make of all these data? These new numbers should recast the empirical terms of the political debate, but they will not and cannot end the controversy.

It is still perfectly possible to conclude from this new picture of inequality in America that resources are distributed unfairly. It is true that earnings have grown more unequal over time. One can still argue that Presidents Reagan and Bush should have done more to help the poor or soak the rich (although most economists agree that their tax and spending policies were not the primary cause of widening earnings and income inequality during the '80s). Social critics may argue that some Americans went too far into debt to maintain levels of consumption when their incomes fell. On the other side, defenders of the status quo may take comfort in the consumption data and defend rising inequality of earnings as reflecting appropriate returns to acquired skills and education.

But these are primarily matters of values and ideology. The debate over fairness should rest there—not on misleading data and faulty methodology.

Contributing Editor Jonathan Marshall is economics editor of the San Francisco Chronicle.

MIXED REVIEWS

BY MARTIN MORSE WOOSTER

As the press constantly reminds us, we live in a heroic age. Instead of a trickle-down, laissez-faire, paralyzed government, the Clinton administration is a can-do, will-do, sharing, caring government led by the Man from Hope. Bill Clinton has surrounded himself with advisers such as Ron Brown and Warren Christopher, some of the century's greatest minds. The Soviet Union had Marx, Lenin, and Stalin; America has Roosevelt, Johnson, and Clinton....

You'll have to excuse me. I've overdosed on the sticky feast of love dished out by some members of the press in the last few months. Every time I see another journalist lie back, spread his or her legs, and dream of Camelot, I rebel and blame That Man in the White House for all my troubles. The wind, the snow, the heat, that terrible headache I had last Friday—it's all Bill Clinton's fault!

One cheering sign, though, is that some well-known leftists are as disgusted with the Clinton administration as I am. *Nation* columnist Christopher Hitchens, for example, told *The Washington Post* that he was so sickened by the optimism dished out to him at Washington cocktail parties that he was reminded of the moment in *Peter Pan* when the audience claps to keep Tinker Bell alive. "That's how Washington feels right now," Hitchens said. "If you don't go along, you get looked at—as though you've just shot Tinker Bell in the face....It reminds me of my worst months at British public school. Team spirit or you're judged harshly."

Well, as everyone knows, I'm a '90s kinda guy. I've found my inner child and fed him plenty of doughnuts, Kool-Aid, and beer. So, Christopher Hitchens, *I feel your pain.*

Harper's Magazine Editor Lewis Lapham is also grumpy. Lapham has never liked presidents very much; in column after column, he lambasted Jimmy Carter as a pious fraud, Ronald Reagan as a menace to the republic, and George Bush as a buffoon. But after 10 years of attacking Republicans, can Lapham get back into the groove of trashing Democrats again?

He certainly can. "Mr. Clinton apparently believes in nothing except the presentation of self," Lapham writes in the April *Harper's*. "Like the evangelist or faith healer, he delivers the good news in a language empty of existential context or historical reference....By seeming to say everything, the President manages to say nothing. He defines himself as a man desperately eager to please, and the voraciousness of his appetite—for more friends, more speeches, more food and drink, more time onstage, more hands to shake, more hugs—suggests the emptiness of a soul that knows itself only by the names of what it seizes or consumes."

Clinton's eagerness to please has led him to adopt a new language for liberalism. And, as former Perot pollster Frank Luntz notes, much of the change in rhetoric is designed to appeal to Perot's supporters.

Clinton's eagerness to please has led him to adopt a new language for liberalism. Much of this change in rhetoric, former Perot pollster Frank Luntz notes in the Spring *Policy Review*, is designed to appeal to the supporters of Ross Perot. In focus-group discussions conducted last year, the major concerns of Perot voters were reducing the deficit, restoring the health of the economy, and having an honest government. (Luntz notes that Perot's fans are not very concerned about social issues, leaving Clinton room to maneuver in areas such as abortion and gays in the military.)

Luntz argues that Perot's big bloc of supporters is the main reason why "proposals to expand government spending and regulation are cloaked in pro-business, pro-entrepreneurship language; tax increases are justified as shared sacrifices for a brighter future; campaign finance reform and cuts in the White House staff are pushed to appeal to the anti-politician side of the American people."

Perot's supporters and others who share their concerns will be watching carefully to see whether Clinton follows through on his commitments to job creation and deficit reduction. The early signs are not promising. The reviews of Clinton's stimulus package, even from those who support the idea in principle, have been tepid at best.

In the March 1 issue of *The Nation*, for example, Paul Davidson, an economist at the University of Tennessee, recommends spending $50 billion a year for the next five years on job-creation programs. But even Davidson admits that such efforts will have little effect on the unemployment rate. He also acknowledges that raising taxes to fight the deficit will mean that "some companies and households will have less to spend. If taxes are raised in the next year or so, then some business opportunities for profitable sales, and hence job opportunities, will be reduced even as Clinton is attempting to create jobs."

John B. Judis, writing in the March 15 *New Republic*, is more critical. Judis argues that many of Clinton's reforms will increase productivity and thereby reduce jobs in the long run. Since the 1920s, he notes, rising productivity and automation have enabled businesses to produce more and better goods with fewer work-

ers. Between 1979 and 1992, the output of American manufacturers rose by 35 percent, while their work force shrank by 15 percent.

Judis says making Silicon Valley more competitive will result in better computers, which will increase automation and reduce jobs, particularly entry-level positions needed by people on welfare seeking to enter the work force. "The underlying crisis caused by simultaneous growth and unemployment," says Judis, "will continue to haunt Clinton and the country for the remainder of his first term, if not for the remainder of the century." (Judis's narrow focus ignores the positive effects of higher productivity. For example, increased productivity often means lower prices, enabling consumers to buy more goods or save more money, thereby aiding job creation.)

The March 27 *Human Events* critiques Clinton's education and training proposals by interviewing Brookings Institution labor economist Gary Burtless. Burtless tells *Human Events* about research conducted for the Labor Department by Abt Associates on job-training programs. Abt Associates found that job training slightly helped men over age 22. But it *depressed* the wages of workers between the ages of 16 and 21, by $139 for women and $854 for men over a period of 18 months. Burtless says these results may be due to the fact that many of the job-training programs consist of "very little real training and a surprisingly limited amount of actual work experience. I mean, a lot of it is sort of showing up on Friday to get your pay check."

Nor does Clinton seem serious about deficit reduction. In this connection, *Newsweek* offers a curiously contradictory message in its March 1 cover story. An unsigned article grades Clinton's tax and spending increases on their "gutsiness." Clinton gets an A from *Newsweek* for raising energy taxes by $79.8 billion; an A- for increasing spending on Head Start, food stamps, and nutrition programs for children by $31.7 billion; and a B+ for increasing user fees by $23 billion.

But *Newsweek* is also surprisingly critical of Clinton's budget. In an excellent critique, economics columnist Robert J. Samuelson notes that most of Clinton's proposals for reviving American manufacturing won't work as advertised. Making existing plants more efficient and productive, says Samuelson, would do far more good than subsidizing high-tech ventures that may be as unnecessary as the supersonic transport, the fast breeder reactor, and synthetic fuels. "Spending better what we already spend," he writes, "is more important than spending a bit more."

More surprising is a piece by Sharon Begley and two others about pork-barrel spending that the Clinton administration failed to cut, including the Small Business Administration, the space station, the Rural Electrification Administration, the Economic Development Administration, and cultural subsidies. This list shows how support for many middle-class pork-barrel programs has eroded. If even *Newsweek* opposes funding for the Corporation for Public Broadcasting, what possible reason could there be for continuing to give the institution tax dollars?

Clinton is committed to supporting programs that thoughtful Americans of the right and left know are unnecessary. Begley notes that Office of Management and Budget Director Leon Panetta tried to eliminate the $11-billion Superconducting Super Collider. But Treasury Secretary Lloyd Bentsen, Sen. J. Bennett Johnston (D-La.), and Texas Gov. Ann Richards told Clinton that killing the super collider would cost the Democrats Bentsen's old Senate seat. So the program was preserved.

Given Clinton's spinelessness, I predict that not a single program will be eliminated by the end of his first term. In January 1997, the federal government will still be subsidizing angora goats, honey bees, rural electrification, dams, and all current foreign-aid recipients. In fact, Bill Clinton's conduct in his first three months as president has inspired in me feelings I never thought I'd have. Clinton has made me nostalgic for George Bush.

Contributing Editor Martin Morse Wooster is a visiting fellow at the Capital Research Center.

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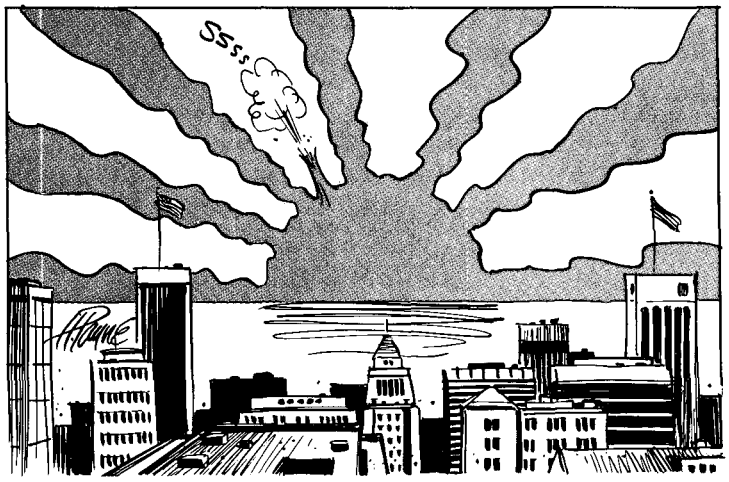
WE DON'T COMPROMISE !

Pop!

BY BRINK LINDSEY

The Bubble Economy, by Christopher Wood, New York: Atlantic Monthly Press, 210 pages, $21.00

Say it ain't so. After all those record-breaking, gold medal–winning performances in the late 1980s, it turns out the Japanese economy tested positive for steroids. Take away the medal for perpetual dirt-cheap capital, take away the medal for a gravity-free stock market, take away the medal for *zaiteku* financial wizardry, and take away the medal for buying up America. Our favorite bogeyman shrivels before our eyes as the drugs wear off.



THE RECESSIONING SUN

I'm referring, of course, to the bursting of Japan's "bubble economy." The rollicking growth that Japan enjoyed during the late '80s—over 5 percent a year—was fueled in large part by an upward spiral of land and stock values that some thought would never end. It ended. The Nikkei fell more than 60 percent from its 1989 high, and real-estate values in the Tokyo and Osaka markets dropped 30 percent or more. As boom turned to bust, it was hoped that the bubble's extravagances would not affect the underlying "real economy"—most prominently, the formidable manufacturing sector. Hopes were dashed.

Hence all the dolorous economic news coming out of Japan over the past year. For the first time since the 1973 oil embargo, Japanese GNP declined for two straight quarters; total growth for 1992 was an anemic 0.5 percent. The money supply has been shrinking. Corporate profits are down for the third straight year. Capital spending dropped an estimated 4 percent last fiscal year. Monthly statistics for business failures have been rising for more than two years. Unemployment, still low by Western standards at 2.4 percent, has been edging upward, and overtime payments, a big part of total employee compensation, are down sharply. Consumer confidence is at its lowest mark in a decade.

Even Japan's best-known and strongest corporate giants are being squeezed. Fujitsu, NEC, and Sony have all reported losses. Nissan, also in the red, is shutting down a major plant in Zama—the first such plant closing in Japanese auto-industry history. Nippon Telegraph & Telephone has announced plans to shrink its payroll by more than 10 percent—that's 30,000-plus people—over the next three years.

With rough times at home, the supposed takeover of the U.S. economy has been put on hold. Direct investment (i.e., establishing new companies in the United States or buying up existing ones) plummeted from $19.9 billion in 1990 to $800 million in 1992; purchases of U.S. real estate dropped from a high of $16 billion in 1988 to $5 billion in 1991. The Japanese were net purchasers of $2 billion worth of U.S. Treasury securities in 1989; in 1990 and 1991, they were net sellers of $15 billion and $8 billion worth, respectively.

In key industries where Japanese domination was thought inevitable, things are now looking rather different. The Japanese share of the U.S. auto market has slipped from 30 percent to 27 percent. For the first time since 1986, American semiconductor manufacturers in 1992 edged out their Japanese competitors for the largest chunk of aggregate world market share. Japanese computer makers remain far behind the U.S. industry; even in the laptop segment, where they have been competitive, Japanese companies' U.S. market share has dropped from almost 40 percent in 1988 to under 25 percent in 1992.

No one is suggesting that Japan is about to fall apart. Its fundamentals are still very strong—an excellent, innovative manufacturing sector; a well-trained, hard-working labor force; and continuing high levels of saving and investment. Still, the Japanese are looking distinctly mortal right now; where once only their strengths were noticed, now their weaknesses are getting some attention. Which gives us in this country a good opportunity to reassess Japan, its place in the world, and its relationship to the United States, with—finally—a dose of realism.

A good place to begin is by reading Christopher Wood's *The Bubble Economy*, a vigorous and intelligent account of the spectacular excesses and

rampant corruption of the late-'80s boom years, and the painful retrenchments of the current bust. Wood, an editor at *The Economist*, describes a Japan Inc. that has virtually nothing in common with the country depicted in such Japanophobic screeds as *Rising Sun* and *Zaibatsu America*. (See "Samurai and Sexual Deviants," December.) In fact, it's hard to believe that Wood's book and those books were copyrighted in the same year.

According to Wood, Japan in the late '80s was far from the conspiracy-theory image of a disciplined, masterfully orchestrated industrial/financial army, moving inexorably toward world economic domination. It was, rather, an economy gone off the deep end. In Wood's words: "It was the twentieth century's best example of the dictum of Charles Mackay, the celebrated nineteenth-century historian of speculative manias, who observed that men think in herds, go mad in herds, but recover their senses one by one."

The craziness started with the Plaza Accord of 1985, which drove down the dollar versus the yen in a vain effort to "cure" the U.S. trade deficit. The yen doubled in value by early 1988, and consequently Japanese wealth doubled in value in international markets. The rise of the strong yen, known in Japan as *endaka*, pinched the profits of Japanese exporters and led to an economic slump in 1986. The Bank of Japan reacted by cutting the discount rate from 5 percent to 2.5 percent and allowing money-supply growth to exceed 10 percent a year. Japan was now both rich and flush with cash. What resulted was a speculative boom in stock and real-estate values—in Wood's estimation, "the biggest financial mania of this century."

The stock market tripled in value between 1986 and 1989. At its height, it accounted for 42 percent of the total capitalization of world stock markets (compared to 15 percent in 1980). Stock prices became unhinged from reality; average price-earnings ratios exceeded 60 (in the United States P:E ratios of 20 are considered high). Nippon Telegraph & Telephone, privatized in 1987, was trading at an astronomical P:E ratio of 300.

Real estate was more absurd yet. Land values in Japan's six largest cities doubled in less than two years. Prices were rising at 50 percent a year in Tokyo, even faster in certain areas. By 1990 the total stock of property in Japan—a country the size of California—was estimated to be worth four times the total stock of property in the United States. The Imperial Palace grounds in Tokyo had a higher value than all of Canada.

Expanding with the stock and real-estate bubble was the Japanese financial sector. Banks poured money into the stock market and real estate, thereby driving up values and, in effect, creating new capital reserves and collateral to lend against. The main "city banks" increased their assets by 80 percent between 1985 and 1989. The 10 largest banks in the world were now all Japanese. Meanwhile, life-insurance companies, the biggest investors in Japan, with 13 percent of the Tokyo stock market, rode that market's rise to new heights of size and power. And the "Big Four" securities companies—Nomura, Daiwa, Nikko, and Yamaichi—made a killing on fixed brokering commissions. Nomura, the biggest (indeed, the biggest stockbroking firm in the world), saw a fourfold rise in profits between 1983 and 1987, earning nearly $4 billion in 1987.

Swimming in money, the Japanese flooded the world with it; capital exports, after all, are the flip side of trade surpluses, and we all know about those. In 1981 Japan had less than $11 billion in overseas assets; by 1988 the figure exceeded $200 billion. In the United States, Japanese life-insurance companies and other investors bought an estimated 10 percent of U.S. Treasury bonds. Industrial corporations established new factories and bought up existing companies, including blockbuster deals like Matsushita's purchase of MCA and Sony's acquisitions of CBS Records and Columbia Pictures. Japanese real-estate firms poured billions into the U.S. market, buying up huge chunks of Hawaii, much of the Los Angeles skyline, and such high-profile "trophy" properties as Rockefeller Center, Tiffany's, and Pebble Beach.

The inflow of Japanese money gave rise to predictable paranoia mongering about American economic decline, typified by books like Martin and Susan Tolchin's *Buying Up America* and Robert Kearns's aforementioned *Zaibatsu America* (with its charmingly subtle subtitle: "How Japanese Firms Are Colonizing Vital U.S. Industries"). As it turns out, the people who should have been paranoid were the Japanese, many of whom were flushing money down the toilet so fast they were clogging the sewers.

In Wood's telling of the story, Japanese financial institutions were simply out of their league when they ventured overseas. "Japan may have a first-rate economy that is the envy of the world, but it has a second-rate financial system," he writes. "Leading Japanese financial institutions border on the feudal compared with their Western counterparts." According to Wood, in throwing their money at the U.S. market the Japanese "were entering an investment world about which they had scant knowledge and in which they had almost zero experience." The results bear Wood out.

Japanese life-insurance companies, for example, began their heavy investments in U.S. Treasury bonds just as the dollar was free-falling against the yen. From 1985 to 1988, the life-insurance industry's combined losses on those investments totaled some $30 billion. In real estate, Japanese developers bought at the height of markets that have since collapsed, most spectacularly in Hawaii and California. Among the more impressive wastes of money was the construction of the Grand Hyatt Wailea on Maui, with a price tag of $600 million. It's been estimated that the hotel will have to charge $700 per room per night at 75-percent occupancy rates just to break even. Nothing, though, can top the fiasco of Minoru Isutani's purchase of Pebble Beach. He bought it in September 1990 for $841 million and sold it in February 1992 for $500 million—a loss of $341 million in just 17 months.

Cushioning even the clumsiest business moves, though, was the unceasing rise of stock and land prices back home. Until, of course, it ceased. As inflation

approached 4 percent—low enough by our standards, but abnormally high in Japan—the Bank of Japan finally decided enough was enough, pulled out its needle, and pricked. Late in 1989, the central bank started raising the discount rate, which eventually reached 6 percent. Money-supply growth descended rapidly. The bubble burst.

The predictable chain reaction ensued. Bankruptcies have shot up: $63 billion in 1991, an estimated $100 billion in 1992. Banks have been staggered by an ever-increasing portfolio of nonperforming loans. On top of that, banks must scramble to meet the so-called Basle Accord international capital-adequacy standards. The 1987 Basle Accord required all international banks to meet an 8-percent capital-to-assets ratio by March 1993; Japanese banks arranged for 45 percent of their (at the time massive) unrealized stock gains to be recognized as capital. Many of those unrealized gains they were counting on have subsequently disappeared, forcing banks either to add capital (hard to do in a bear market) or shrink assets. Can you say credit crunch?

For Japanese companies generally, the era of free money is over. During the bubble, companies were able to go to London's Euromarket and issue warrant bonds (giving investors the chance to buy rapidly appreciating stock at a set price) at rates as low as 1 percent. Those bonds are beginning to come due, and companies must now refinance at dramatically higher rates. For example, Toyota recently sold a $1.5-billion bond issue with a 5.2-percent interest rate. The Japanese advantage over Americans in the cost of capital, so frequently cited in the competitiveness debates of the '80s, has been eliminated.

Meanwhile, the end of the bubble is having a direct effect on many companies' bottom lines. Japanese firms actively played the stock market during the boom; the game was called *zaiteku*, or financial engineering. In 1989, *zaiteku* profits made up an astounding 15 percent of reported earnings of companies listed on the Tokyo Stock Exchange. For many companies, these bubble gains made the difference between good times and bad. In the 1988 fiscal year, for example, securities profits accounted for over 58 percent of pretax profits at Matsushita Electric, 65 percent at Nissan, 73 percent at Sharp, 134 percent at Sanyo, and 1,962 percent at Isuzu.

Ending a speculative boom is like kicking over a rotten log—all kinds of creepy crawlers are brought out into the unwelcome light of day. So it was in Japan, with falling stock and real-estate values exposing a nest of scandals. Wood describes these various affairs in engaging detail: securities firms reimbursing favored clients' losses, banks issuing phony certificates of deposit as collateral to lend against, shady dealings with *yakuza* gangsters, and so forth.

Bursting Japan's bubble was like kicking over a rotten log—all kinds of creepy-crawlies came out into the light of day. Falling stock and real-estate values exposed a nest of scandals.

Especially amusing is Wood's account of the mini-bubble in golf-club memberships. Memberships are traded like securities in Japan and run into the millions of dollars; there is even a Nikkei Golf Club Membership Index. At the height of the bubble Japan's 1,700 golf clubs boasted a total membership market value of $200 billion. New courses were developed by preselling memberships; the temptation to oversell was in many cases irresistible. The ill-fated Ibaraki Country Club sold 49,000 memberships instead of the 2,800 figure promised to investors. And the Gatsby Golf Club promised a membership of 1,800—to 30,000 buyers.

The mood in Japan today is one of self-flagellation. A book called *The Philosophy of Honest Poverty* is currently a best seller. And it is possible that the worst is yet to come. The Bank of Japan has once again slashed the discount rate; the Diet last fall passed an $86-billion "stimulus" spending package and is considering another $120 billion or so of Keynesian sugar high. More ominously, the Ministry of Finance has been actively propping up the stock market, pouring public-pension funds into the market and discouraging big private investors from selling. These short-term fixes may only be postponing necessary corrections and restructuring, thereby prolonging and deepening the pain. As Wood argues, taking the pessimistic viewpoint, "Japan's managed economy may delay the impact of market forces, but it can never repeal them."

Whether or not the economy has yet hit bottom, it will eventually bounce back. Binges may end in hangovers, but hangovers end too. Beneath the cyclical ups and downs, there remain the well-known fundamental strengths of the Japanese economy—and also some less well-known fundamental weaknesses. Over the longer term, the strengths will provide the motive power for continued economic growth, but the weaknesses will contort that growth and undermine its benefits for the Japanese people.

If there is one basic flaw in the Japanese economic miracle, it is the combination of government policies whose concerted effect is to stifle personal consumption. In the real-estate market, tax policies (very low landholding taxes, combined with high taxes upon sale), zoning restrictions (about one-seventh of the Tokyo metropolitan land base is zoned for agriculture), and rent controls make housing artificially scarce and expensive, even without a speculative boom. Agricultural protectionism inflates the cost of food. Restrictions on large retailers (now being relaxed) have helped to perpetuate an archaic and inefficient distribution system, increasing the cost of consumer goods generally. Many of the major consumer-service industries—air travel, telecommunications, financial services—have traditionally been shielded from competition by government protection and are only now seeing that protection decline. And high personal income-tax rates—with no deductions for

consumer or mortgage interest expenses —channel income out of consumption.

With consumer demand stunted, investment to meet that demand is likewise stunted. The result is a country with the highest per-capita economic output in the world but decidedly less impressive living standards; a country with a world-beating manufacturing sector but a backward, uncompetitive service sector; a country with chronic trade surpluses (or, put another way, chronic domestic investment deficits).

In short, the result is a country that accumulates more savings than it knows what to do with. Some are poured into ruinous manufacturing overcapacity, some are poured into speculation (à la the bubble), and some are poured into overseas investments, not all of which are well-advised. The foreigner's perception of Japan, usually viewed through a mercantilist squint, is of a "predatory" competitor conquering the world with its goods and money. The reality, though, is a nation that is structurally hindered from investing enough in its own future and its own well-being, and so cannot hold on to its capital.

The United States, on the other hand, has precisely the opposite problem. Its tax policies actively discourage savings while promoting consumption. And its regulatory environment, while dreadful enough, is by world standards relatively open to competition (and thus to investments in promoting consumer welfare). In the mirror image of Japan, then, the American economy has an attractive domestic market but not enough capital to feed it. Fortunately for us, the capital can be imported—hence our trade deficit.

The United States and Japan thus compensate for each other's primary economic weaknesses. To Japan, the United States provides an outlet for abundant capital. To the United States, Japan provides a source of scarce capital. This is the reality of the U.S.-Japan economic relationship: not one swallowing the other but two economies leaning on each other. And there are only two ways out of this mutual imbalance: righting ourselves, or falling on our faces.

Contributing Editor Brink Lindsey is director of regulatory studies at the Cato Institute.

Robbing the Poor

BY CAROLYN LOCHHEAD

The Dream and the Nightmare: The Sixties' Legacy to the Underclass
By Myron Magnet, New York: William Morrow & Co., $23.00

Jersey City, a sprawling and largely poor place across the Hudson River from Manhattan, was my home for eight years. Slum living provides daily exercises in incivility, but I will never forget one particular night when the annual church festival on my street turned into a quasi-riot. Teenagers rampaged through an acquiescent crowd, demolishing cars with baseball bats, hurling rocks and bottles at people and homes, lighting fires in trash cans, knifing bystanders, and taunting the police, who stood by either afraid or apathetic, yielding both moral authority and physical control. You could see in the eyes of these children a gleeful, terrifying savagery, and I could not help thinking of the British schoolboys in William Golding's famous novel, *Lord of the Flies*, who, stranded on a desert island, descended so swiftly into an unthinkable barbarism.

It doesn't take much more than living in a major city, or even reading a city's newspaper or watching its nightly television news, to know that something has gone terribly wrong among a group we now call the underclass, and that in tandem with the rise of this underclass, urban life has become uglier and more dangerous than was conceivable 30 years ago. From an otherwise routine litany of violence, only a few especially egregious horrors make headlines: the Central Park jogger raped and left to die by "wilding" teenagers; the Utah tourists whose son

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was stabbed to death for disco money in a New York subway station; the suburban Washington woman dragged to her death in a senseless carjacking, whose baby survived despite being tossed out of the moving car.

That so many opinion makers attempt to explain such acts as stemming from a lack of economic opportunity exposes the utter barrenness of conventional poverty analysis. Into this dissonant netherworld between reality and theory steps Myron Magnet, a member of *Fortune*'s board of editors, a Manhattan Institute fellow, and a Dickens scholar. He offers a masterly overview that confronts the new social pathology of the underclass head on.

The author argues that the '60s cultural revolution fostered the underclass by transmitting the wrong messages to the poor.

He tells us how and why we arrived at this state of affairs and how we might begin to remedy it. He sets the creation of the underclass in its historical and philosophical framework and then weaves together dozens of disparate strands of thought on poverty into a coherent whole that yields extraordinary explanatory power.

In its simplest terms, Magnet's argument states that the cultural revolution of the 1960s fostered the underclass by transmitting the wrong messages to the poor. Along the way, it further robbed the lives of many of the rest of us of purpose and meaning.

The great paradox of the '60s revolution—and Magnet argues cogently that its sweep and depth was no less than revolutionary—is that its dual aims of personal liberation and political/economic liberation backfired. The naive, utopian social experimentation conducted by the Haves, he argues, brought ruin upon society's most marginal members, the Have-Nots.

By telling the poor they were victims, the Haves unwittingly robbed them of the self-reliance and self-respect necessary to escape poverty. The revolution trampled the democratic values it sought to strengthen, Magnet contends, and made permanent and pathological the poverty it sought to eliminate.

Observe, Magnet challenges, the homeless shelters of Phoenix or Santa Barbara. "Look at the crowds of young men, mostly white, in their twenties, dressed like refugees from the Summer of Love: calico headbands, shoulder-length hair, torn jeans, black T-shirts emblazoned with Harley-Davidson or Grateful Dead logos." Then look in the urban ghettos, he says, and you will find "a nightmare parody of liberated sixties culture," in epidemic illegitimacy, drugs, and anarchy.

"The face that culture presents to the underclass, under the aspect of benevolence, is so meretricious and degraded, so shot through with falsehood, that it lacks adequate nurturing power," Magnet writes. "The beliefs and values it transmits to the underclass are all the wrong ones, retarding rather than promoting self-development: you've been marred by victimization, you can't succeed without special treatment, your success or failure is really not in your own hands, the values that allow us Haves to succeed have no application to you Have-Nots and will only oppress you, your own self-destructive behavior is a legitimate expression of your history and your oppression. Add to this the schools inadvertently ruined by the Haves' quest for racial liberation, the families subverted by the well-intentioned contagion of welfare, and the neighborhoods reduced to savage anarchy thanks to failed order-keeping masquerading as enlightened justice, and you can hardly wonder at the dismal harvest of pathology that imprisons the underclass."

Magnet's argument is hardly so simplistic as a thumbnail sketch implies. He deftly traces the roots of cultural change to Marx, Freud, and the rise of moral relativism. He then presents a thoroughgoing analysis of key intellectual milestones. Among them: Michael Harrington's *The Other America*, Thomas Szasz's *The Myth of Mental Illness*, and Norman Mailer's *The White Negro*. He completely debunks, with surprising ease, the currently popular theories of economic dislocation and social isolation propounded by sociologist William Julius Wilson. The book is well worth reading simply for its swift yet thorough survey of the literature.

Magnet addresses each major area of the poverty question: welfare; the labor market; race, busing, and affirmative action; homelessness; and crime. And he examines such cultural strands as literary deconstructionism, Afrocentrism, and other "politically correct" orthodoxies of current academe.

Little of what Magnet says is new. He borrows freely from a broad cast of thinkers, from historian Paul Johnson to economist Richard Freeman, as well as such widely known critics of the welfare state as Thomas Sowell and Charles Murray. He lifts generous helpings of anecdotal material from newspapers and magazines. Magnet's own contribution is the insight he achieves by uniting an otherwise perplexing mishmash of policy analysis and cultural critique into a readable and cohesive whole that ultimately yields understanding.

At his most original, and persuasive, Magnet argues that the cultural revolution fundamentally misread man's nature and misconstrued civilization as the enemy of freedom, rather than its necessary basis. In twisting things backward, Magnet writes, the cultural revolution undermined "the bedrock of first principles whereon all social policy thinking rests, whether the thinker is conscious of it or not."

Freud (to whose theories Magnet

J.P. PLUNIER

otherwise attaches considerable blame) himself understood that "men are not gentle creatures who want to be loved," but are, rather, instinctively aggressive. "Man is wolf to man," as Freud put it.

"The fundamental purpose of the social order, of the civilized condition itself, is to restrain man's instinctual aggressiveness, so that human life can be something higher than a war of all against all," Magnet contends. The civilizing process begins for us in childhood: Our parents make us relinquish the unlimited aggressiveness with which we are born. "During this protracted process, central to early childhood, one's innermost being is transformed," Magnet says. "As one internalizes the civilizing demands of one's parents and the community that speaks through them, one acquires an entirely new mental faculty, a part of one's inner self given one not by nature but by society."

Central to more than two millennia of Western political philosophy, he writes, "is a belief uncongenial to our revolutionized culture: the belief that man's full humanity and highest, most characteristically human achievements can unfold only in society," that only under a civilized social order "does man become fully man, able to build cities, create art and science and commerce, and attain virtue."

The ultimate goal of social policy, he contends, should be "a social order that nurtures the fullest development in individuals of the qualities that define humanity—reason, conscience, selfhood, individuality, creativity, judgment, the ability to impose order upon the world and meaning upon life. In the deepest sense, that is what society is for, and it is the fundamental measure of a good society. It is more than a matter of free institutions alone; the crucial element is the intangible cultural spirit, the values and ideals, animating the whole and nourishing each individual."

The crime that flourishes in American cities today, he maintains, especially the "crime of mindless malice," exists not because society has oppressed the individual, as social thinkers have believed since Marx. Quite the reverse: What one often finds instead is "free-floating aggression, weak consciences, anarchic beliefs, detachment from the community and its highest values..."

This, Magnet argues, is the "predictable result of unimaginably weak families, headed by immature, irresponsible girls who are at the margin of the community, pathological in their own behavior, and too often lacking the knowledge, interest and inner resources to be successful molders of strong characters in children."

As a Dickens scholar, Magnet offers a valuable literary perspective seldom present in poverty tracts. And he exhibits a journalist's facility with anecdote and statistic, a novelist's elegant and meaning-packed prose, and a rhetorician's sensitivity to ethos, both his own and his audience's.

This is not a trivial stylistic point. Too

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many conservative and libertarian analyses degenerate into polemics or choir preaching. By aiming at a broad, skeptical audience and carefully addressing its fears and objections, Magnet accomplishes a very difficult feat: honestly confronting a subject charged with racial overtones, without sounding either mean-spirited (as conservatives often do) or patronizing (as liberals often are).

The weakest areas of the book, and these are quibbles, are Magnet's dismissal of the libertarian view of poverty and a brief excursion into programmatic remedies. He attacks the libertarian idea of "economic man" as a "rational calculator" with its notion that welfare's perverse incentives trap people and that their behavior is a reasoned response to government policies. It is an argument he ascribes primarily to Charles Murray, author of the seminal welfare-policy critique *Losing Ground.*

Although he acknowledges Murray's work as "brilliant," Magnet nonetheless tries too hard to distinguish himself from someone from whom he actually borrows quite heavily. In fact, the two share vast expanses of common ground. Magnet cannot, and hardly tries to, refute the simple truth that incentives matter. One suspects that his zest to differentiate himself from Murray is driven more by a desire to stake out original territory than by any real disagreement. After all, Murray himself emphasizes the vital importance of community in his later book, *In Pursuit: Of Happiness and Good Government.*

Then there is the neck-snapping digression in which Magnet attempts to offer programmatic "solutions" to the cultural breakdown. In a highly contradictory passage, he suggests alternatives to welfare: expanding Head Start to socialize underclass children and offering group shelters (rather than private apartments) to unmarried mothers to make illegitimacy less attractive.

The flirtation with programs is mercifully short-lived. In his conclusion, Magnet wisely returns to his thesis that we should try to "repair the damage that has been done to the beliefs and values that have made America remarkable and that for two centuries have successfully transformed huddled masses of the poor into free and prosperous citizens....The principles on which our society was built must once again inform our public life, from social policy to school curricula: that everyone is responsible for his or her actions; that we believe in freedom under the rule of law and that we enforce the law scrupulously in all neighborhoods; that the public, communal life is a boon, not an oppression; that everyone has equal rights, and rights belong to individuals, not groups; that we are free to shape our own fate."

Magnet brings to bear the intellectual and journalistic equivalent of overwhelming force against cultural beliefs now so deeply embedded that we scarcely notice that we have absorbed them. As he makes so clear, ideas do have consequences. His book articulates truths and makes the intellectual case that must serve as the foundation of change.

There are others who have also begun the long task of piercing modern shibboleths; ironically, such voices often rise from the ground up, from those who live the realities that theories produced. Welfare mothers themselves will tell anyone who asks that the dole is a trap.

Yet until the Haves regain their faith in the tested values that are our heritage, such values cannot be restored to those who live at society's margins. Let us hope that we rediscover our higher vision of a truly free and civilized nation.

The danger, of course, is that in anger and frustration we abandon the liberal vision Magnet propounds for a backlash as ugly and depraved as that which it denounces.

Carolyn Lochhead, Washington correspondent for the San Francisco Chronicle, *has written extensively on poverty issues.*

Embarrassing Questions

BY RONALD BAILEY

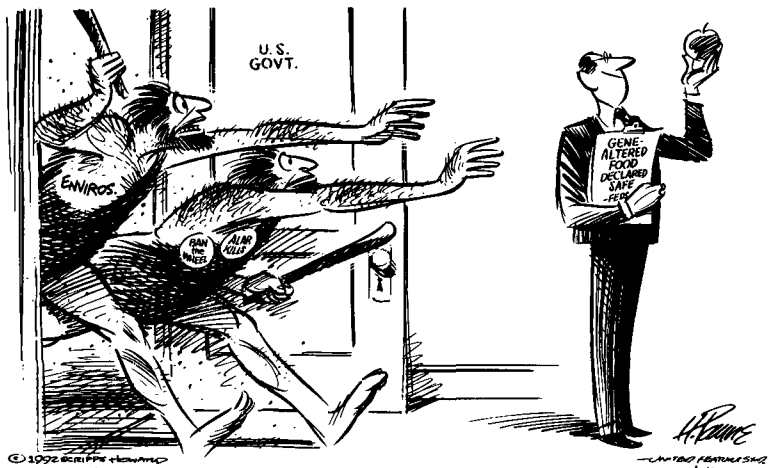
Science Under Siege: Balancing Technology and the Environment
By Michael Fumento, New York: Morrow, 448 pages, $27.50

Technophobia is sweeping across America, and reading this book is a great antidote to its insidious spread. Every time viewers turn on the boob tube, they are assaulted by a relentless series of stories about how modern technology is causing cancer, birth defects, and miscarriages, poisoning people, and making modern life a living hell. This is nonsense, but few reporters, politicians, and scientists have the nerve to say so. Michael Fumento, a reporter for *Investor's Business Daily*, does say so as he meticulously debunks many of late 20th century's most prominent technoscares.

Think for a moment: How many people got cancer because of toxic waste at Love Canal? How many children died from consuming apples sprayed with Alar? How many residents died as a result of dioxin contamination at Times Beach, Missouri? Given the press play and the costly regulatory response to these once-famous contamination crises, you'd naturally think at least scores of people were harmed, right? Remember that the feds evacuated the residents of Love Canal and Times Beach and banned the ripening agent Alar.

In fact, *not a single person* died as consequence of ingesting chemical contaminants in any of these great mediagenic panics.

Fumento lays out in detail the chemophobia that inspires these frenzies of fear. One of his most valuable chapters deals with how substances are tested for carcinogenicity. Researchers feed lab rats the "maximum tolerated dose" (MTD) of a substance and then see if tumors start growing in the animals. That means rats are forced to consume chemicals just shy of the amount it would take to kill them by poisoning. For example, Alar causes cancer in mice when they are given a daily dose 266,000 times the amount consumed by the average schoolchild in a



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day. This is a realistic test?

Already, scientific support for MTD testing is slipping fast. In January, the National Academy of Sciences issued a report by a panel of cancer experts calling into question such testing. "The scientific data from hundreds of tests have come in and they are trying to lead us away from the use of the MTD," said panel member Richard Reitz. The NAS panel concluded that MTD should be used only until better methods are validated.

"The day will come, not too long from now, when dosing animals with massive amounts of chemicals and then declaring that this predicts cancer in humans at low doses will be literally laughed at, in the same way we now laugh at witch doctoring and entrail reading," writes Fumento.

Fumento reveals another secret: We are surrounded by carcinogens in our environment, and *they are almost all natural*. Plants are filled with natural pesticides to ward off insects and other predators. Fumento cites calculations by FDA scientists showing that food itself accounts for 98.8 percent of food-related cancer risk. Natural spices make up nearly 1 percent of the remaining risk. A total of 99.8 percent comes from natural sources. In fact, once *all* synthetics are taken into account, not just those in food, only about 500 of the more than 500,000 cancer deaths each year can be attributed to synthetic chemicals. This is a crisis?

Fumento also deals body blows to the quack science practiced by techno-scaremonger Paul Brodeur. Brodeur has made a career out of claiming that the weak electromagnetic fields generated by power lines and household appliances are causing cancer. Fumento surveys hundreds of studies and finds that the vast majority show no relation between the typical electromagnetic fields people encounter and the incidence of cancer.

The most recent outbreak of microwave madness revolved around claims that cellular telephones cause brain cancer. A Florida man claimed on CNN's *Larry King Live* that his wife got brain cancer from her cellular telephone. This is a classic example of the "victim as epidemiologist" phenomenon.

"Being a victim of a disease does not make one an expert in how that disease is contracted," observes Fumento. There is no credible evidence which shows that the microwaves emitted from cellular telephones cause cancer. But never mind, the crisis is on.

Fumento offers a quick primer on the art and science of risk assessment and shows how the press, public, and politicians often misunderstand (sometimes deliberately so) how to calculate real risks. He takes apart other popular technoscares, showing that the claim "dioxin is the deadliest man-made substance known" should be changed to "dioxin is the deadliest man-made substance known for killing guinea pigs." Hamsters, on the other hand, can practically season their chow with dioxin. It takes a dose 1,900 times higher to do in hamsters. (This vast difference in toxicity should give people pause about extrapolating test-animal re-

HENRY PAYNE

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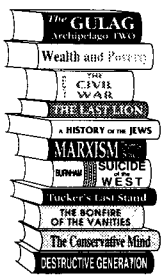

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sults to human beings.)

In addition, Fumento thoroughly debunks asbestos scaremongers, anti–food irradiation activism, and the sleazy political deals that have led to requiring that gasohol be used in some cities during the winter months. My only complaint is that Fumento didn't have the space to deal with the "acid rain" fiasco. Ten years and $500 million dollars of study have shown that acid rain is not harming lakes, forests, crops, or people in Canada and the northeastern United States.

Fumento is to be congratulated for having the nerve to ask the technophobes: If modern life is so dangerous, how come we're all living healthier and much longer lives?

Contributing Editor Ronald Bailey is the author of Eco-Scam: The False Prophets of Ecological Apocalypse *(St. Martin's Press) and the 1993 Warren T. Brookes Fellow in Environmental Journalism at the Competitive Enterprise Institute.*

Crazy Like Fox

BY ANDREW FERGUSON

Murdoch, by William Shawcross, New York: Simon & Schuster, 492 pages, $27.50

A few months before William Shawcross's biography of Rupert Murdoch appeared in the United States, *The New Yorker* fired a warning volley. The blast took the form of a personal assault, an unsourced story accusing Shawcross of journalistic compromises of the most unsavory sort. The hermetic world of publishing was atwitter. Some cynics saw an act of pre-emptive revenge: In his book, Shawcross draws an unpleasant portrait of a former Murdoch colleague who happens to be married to Tina Brown, *The New Yorker*'s editor. Brown demurred. Although the book would not appear in America for several months, she insisted the attack had news value. And why? Because *Murdoch* "was much discussed in the Hamptons this summer."

A curious standard of news judgment, this Hamptons chatter. Will *The New Yorker* now run stories about Ben Bradlee's tennis elbow and Mort Zuckerman's war against stinkweed? It would be a shame, in any case, if *The New Yorker*'s sleazy slam obscured the value of Shawcross's book, for he has written a fair-minded, comprehensive guide to one of the great figures of the age, a media mogul who bestrides the world like a combination of Colossus and Dennis the Menace.

Murdoch's empire stretches across four continents. Several hundred million people are within reach of either a newspaper or a television station that he alone controls. And many people, not all of them married to Tina Brown, think this is a very bad thing.

Shawcross himself is admirably ambivalent. His talent for excoriation—which he brought ferociously to bear on Henry Kissinger in *Sideshow*, his controversial account of the war in Cambodia—seems to have been silenced by the sheer magnitude of Murdoch's achievement. *The New Yorker*'s ideologues notwithstanding, his book is the better for it. For any honest observer has to admit: Rupert Murdoch is a difficult fellow to figure out.

His father Keith was a famous newspaperman in Australia, and Murdoch watchers from the 1950s onward have seen Rupert's career as an ambitious son's attempt to one-up the old man. His entrepreneurial gift showed itself early; as a boy he sold water rats and manure from the family farm, good training for the future publisher of the *New York Post*. While still a student at Oxford, Rupert inherited from Keith a provincial Australian newspaper, the *Adelaide News*. It became the kernel of his empire.

Murdoch's motto, like Oprah's and our president's, has been "expand or die." From the start bankers were solicitous. Their money in pocket, he gobbled up papers first in Australia and then, beginning in the '60s, in England. His excellent cash flow carried him to the United States, where he at last built his ultimate dream: Fox Television, America's fourth network.

Contrary to popular image, Murdoch fitted his papers to the tastes of his desired audience, whatever they might be. His tendency has always been down-market, but he understood that the bare-breasted "Page Three Girl" of his tabloids would never do for the *Sunday Times*, unless she was Mrs. Thatcher. His politics were similarly changeable: The Oxford Leninist evolved into a conventional leftist during the Laborite ascendancy of the '60s, and the rise of the conservatives shaped the right-wing populist so reviled by the forces of virtue today.

What excited him, above all and always, was the deal, the acquisition, the steady expansion of his reach and power. His methods were his own. As a rule, for example, newspaper conglomerates seeking new properties look for the easy buy-out in a one-paper town. Murdoch lusted after secondary papers, wheezing old organs like the *Boston Herald* or the *Chicago Sun Times*, in hopes of attracting the readers that their competitors, fat with journalism-school pomposity, had neglected or disdained. His approach to magazines, satellite TV, and publishing houses was similarly unorthodox. Some gambles paid off, others didn't. Their cumulative effect—a debt the size of Ecuador's—almost sunk him in 1990.

Murdoch's motto, like Oprah's and our president's, has been "expand or die." He gobbled up papers in Australia, then England. In the United States he built his ultimate dream: Fox Television.

But Murdoch keeps bobbing along. It is a remarkable odyssey, filled with some

of the most daring maneuvers in recent business history, and readers of this biography may find themselves worrying that Shawcross will replay the details of every last one of them. The author's research is prodigious—superhuman, even—but it is offered up entire. The MBA student may be rapt at the contortions required to buy a minor paper in Australia, but the popular reader will not be.

The accumulation of business detail fails in the end to illuminate the man. But you can't blame Shawcross for trying, and on the whole readers will be glad he did. Murdoch has always been a man of contradictions: the Oxford student who railed against the class system from a Rolls Royce; the anti-elitist who got Daddy to fix his visa through powerful friends; the promoter of Page Three Girls who disapproved of women wearing slacks in the newsroom; the faithful family man, personally and (he says) politically conservative, whose television network airs the stupidest (*Studs*) and the most decadent (*Married...With Children*) shows in history.

Even so, it is hard to dislike anyone the *Columbia Journalism Review* calls "a force for evil." Some facts about him are plain. He is humorless, unreflective, and obsessed. He is also courageous, enormously intelligent, and even visionary, able to foresee opportunity and satisfy millions of ordinary people while his enemies fumble around without a clue. He is, in short, a great man. Whether he's a good one too is a question for America's moralists, of whom there are many.

Andrew Ferguson is a senior writer for Washingtonian *magazine.*

The Last Liberal

BY MICHAEL McMENAMIN

Churchill: A Life, by Martin Gilbert, New York: Henry Holt and Co., 959 pages, $35.00/$19.95 paper

There are many reasons to admire Winston Churchill, including these words from a speech on protectionism in 1906: "You may, by the arbitrary and sterile act of Government—for remember, Governments create nothing and have nothing to give but what they have first taken away—you may put money in the pockets of one set of Englishmen, but it will be money taken from the pockets of another set of Englishmen, and then the greater part will be spilled on the way. Every vote given for Protection is a vote to give Governments the right of robbing Peter to pay Paul, and charging the public a handsome commission on the job."

It is in some ways unfortunate that Churchill's individualist beliefs on politics and economics are less remembered today than his role as the wartime leader who rallied Great Britain to successfully stand alone against Nazi Germany in 1940 and 1941. Saving your country, if not Western civilization, tends to overshadow all that went before.

In this biography, Gilbert attempts to give a wider appreciation of Churchill's career beyond his accomplishments in World War II (to which only 200 pages are devoted). As Gilbert shows, Churchill was far more than a career politician with a gift for rhetoric who, achieving his country's highest elected position quite late in life, used his words and his voice to rally the British public to keep fighting against what had to seem at the time insurmountable obstacles. Churchill was also an immensely talented and prolific writer—one of the most highly paid of his day—whose liberal political viewpoint was often at odds with the leaders of the Conservative Party and later the Labor Party during his 50-plus years in public life.

Though he was the son of an English lord and a nephew and cousin of English dukes, Churchill was not a man of inherited wealth. He made his living—and a considerable fortune—as a journalist, historian, and biographer. In total, Churchill published over 50 books in his lifetime (including a novel), while managing to hold and acquit himself admirably in virtually every major office in the British cabinet except foreign secretary—the Board of Trade in 1908, home secretary in 1910, minister of munitions in 1917, secretary for war and air in 1919, colonial secretary in 1921, and chancellor of the exchequer in 1924. And did I mention that he won the Nobel Prize for literature?

Gilbert gives you all of this and more, including Churchill's years out of power in the 1930s when, at the peak of his career, he refused to temper his outspoken views on the dangers of Hitler and of Great Britain's failure to re-arm—all at the expense of higher office.

Unlike many of the men with whom he shared the political stage in Great Britain, Churchill was a man of conviction. While he was frequently accused by his enemies of compromising his principles for political expediency, it was rarely true. Classical liberals and others of an individualist persuasion who wish to trace the development of political and economic thought of the young politician who so correctly identified the nature of modern government as "robbing Peter to pay Paul" should pay particularly close attention to Chapter 8, which covers the young Churchill's early years in Parliament.

Close attention is required because Gilbert does not provide as accurate a summary of Churchill's political philosophy in this book as he has elsewhere. One sketch he does furnish in the preface could be misleading: "Both in his Liberal and Conservative years, Churchill was a radical; a believer in the need for the State to take an active part, both by legislation and finance, in ensuring minimum standards of life, labour and social well-being for all citizens. Among the areas of social reform in which he took a leading part, including drafting substantial legislation, were prison reform, unemployment insurance, State-aided pensions for widows and orphans, a permanent arbitration machinery for labour disputes, State assistance for those in search of employment, shorter hours of work, and improved

conditions on the shop and factory floor."

All this is accurate so far as it goes, and it provides an antidote to the conservative, even reactionary, image that Churchill acquired, quite unjustifiably, in the latter stages of his career. Fair enough. But a person's positions on a selective list of social and economic issues are not a political philosophy. Labels and laundry lists—including this list from Gilbert—don't tell you the beliefs that motivate a person's opinions, the convictions that guide his actions. Churchill was not a conservative, but neither, while he had a natural sympathy for the underdog, was he a statist. Even Churchill's early call for a "minimum national standard" below which people would not be allowed to fall and above which they would be able to compete freely makes him sound no more radical today than Margaret Thatcher.

Basically, Churchill was an individualist who had an instinctive mistrust of government action in the service of vested interests, be they the church, the military, the aristocracy, or manufacturing interests—not to mention the Conservative Party establishment from Joseph Chamberlain in the 1900s to his son Neville in the '30s or the Labor Party of Ernest Bevin and Clement Attlee in the '40s and early '50s.

Gilbert offers a more accurate summary of Churchill's political beliefs and principles in his short 1981 book, *Churchill's Political Philosophy*, where he quotes unpublished notes of Eric Seal, Churchill's principal private secretary from September 1939 to mid-1941, on the essence of Churchill's convictions: "The key word in any understanding of Winston Churchill is the simple word 'Liberty'. Throughout his life, through many changes and vicissitudes, Winston Churchill stood for liberty. He intensely disliked, and reacted violently against, all attempts to regiment and dictate opinion. In this attitude, he was consistent throughout his political life. He believed profoundly in the freedom of the spirit, in the liberty of man to work out his own salvation, and to be himself in his own way. His defense of the British Government in India is not at variance with his ideas; he defended British rule in India because he thought that it brought individual freedom in its train. He demanded for himself freedom to follow his own star, and he stood out for a like liberty for all men. All organized attempts to dictate to men what or how they should think, whether by the Nazis in Germany, or by the Communists in Russia, incurred his passionate hatred and fell under his anathema. In the last resort, this was the mainspring of his action."

"The key word in any understanding of Winston Churchill is the simple word 'Liberty'," his secretary wrote. "All organized attempts to dictate to men what or how they should think...incurred his passionate hatred and fell under his anathema."

Keep in mind this retrospective analysis of the post-65-year-old Churchill when you read about the development of the young Churchill in Chapter 8 as he staked out from 1900 to 1906 a series of consistent positions, based on classical-liberal principles, on a wide range of issues. Churchill opposed increased military expenditures, jingoism, the conduct of the Boer War by the British military, and the use of indentured Chinese laborers in South Africa. He supported open immigration, racial and religious tolerance, restoring legal rights to trade unions, and maintaining free trade.

Churchill's main battle during this period was a scorched-earth campaign for the soul of the Conservative Party over the issue of protectionism. His chief adversary, Joseph Chamberlain, sought preferential treatment for imports from throughout the British Empire—something akin to today's regional trading blocs.

Churchill supported unilateral free trade and was convinced that protection meant the end of the old Conservative Party. He predicted in 1904 that the Conservatives would become "a party of great vested interests, banded together in a formidable federation; corruption at home, aggression to cover it up abroad; the trickery of tariff juggles, the tyranny of a party machine; sentiment by the bucketful, patriotism by the imperial pint; the open hand at the public exchequer..." Less than three weeks later, Churchill left the Conservative Party of his father and "crossed the floor" of Parliament to join the Liberals.

Churchill's detractors have long accused him of "opportunism" for leaving the Conservative Party to join the Liberals in 1904 (let alone switching back again in 1924). Gilbert doesn't argue the point. He simply sets out what Churchill did and said on the issues of the day. By the time the chapter is concluded, you may well be convinced that the young Churchill was idealistic and occasionally intemperate—"Is it really necessary to be quite as personal in your speeches?" Joseph Chamberlain asked him in a private letter—but not opportunistic.

Gilbert covers the period leading up to Churchill's return to the Conservative Party in 1924 in the same way he did Churchill's departure in 1904. No arguments, only the facts of what Churchill said and did. Churchill had been defeated for re-election in 1922 but was still a Liberal when the Conservative Party called a general election in November 1923, promising a reintroduction of protectionism. Churchill campaigned unsuccessfully as a free trader, denouncing protection as "a monstrous fallacy."

When he returned to the Conservative Party a year later in November 1924, running as a "Constitutionalist" with Conservative support, he did so without compromising his free-trade principles, and the Conservatives welcomed him back and, quite unexpectedly, made him their chancellor of the exchequer. The prospect of such an appointment, say his detractors, was why he left the Liberals.

But they conveniently fail to mention what went before: Churchill would have abandoned his principles by staying with

the Liberals when, in January 1924, they embraced collectivism and struck a deal with the Socialists to bring Ramsay McDonald and the Labor Party to power. Churchill recognized even then the threat that socialism presented to individual liberty and considered it only a more civilized version of Bolshevism. Gilbert quotes the *Glasgow Herald* as calling him at the time "a predestined champion of the individualism which he has served all his political life under both of its liveries."

Churchill's five successful budgets as chancellor in the '20s marked the height of his post–World War I popularity, but that popularity abruptly ended in 1929 when he began his long, lonely campaign against independence for India, German rearmament, and, in the '30s, the rise of Hitler. Accordingly, it is ironic that the place in history of a "predestined champion of individualism" rests today on his major roles in two world wars that did more to create the Leviathan state than all the socialists in Great Britain and the rest of Europe combined.

As W. H. Greenleaf has written in *The British Political Tradition, Vol.I, The Rise of Collectivism*: "In general, then, the two world wars...stimulated the development of collectivism and conditioned many people to believe that planned effort under government control, extending supervision on a broad scale, is required for the achievement of national goals and social justice: 'As the war was managed, so would the peace be achieved.' "

Perhaps paradoxically, war may be the real paradigm of the welfare state and managed economy of peacetime. Indeed, Gilbert quotes Churchill's daughter Sarah as making this same point in a cautionary letter to him after he had stated in a campaign speech in 1945 that socialism "was inseparably interwoven with Totalitarianism and the abject worship of the State."

Churchill had already recognized this danger and tried, in vain, in the same speech to warn the British public of the perils of socialism: "It is quite true that the conditions of Socialism play a great part in wartime. We all submit to being ordered about to save our country. But when the war is over and the imminent danger to our existence is removed, we cast off these shackles and burdens which we imposed on ourselves in times of dire and mortal peril, and quit the gloomy caverns of war and march out into the breezy fields, where the sun is shining and where all may walk joyfully in its warm and golden rays."

Churchill's principles shouldn't be forgotten even as we remember him as the savior of Western civilization.

But if Churchill's single-minded waging of total war against Hitler had done the Labor Party an unintended service by increasing the role of the state and affording the Socialists an unexpected victory in 1945, he gained a small measure of revenge on his collectivist opponents when he and the Conservatives returned to power in 1951 campaigning on the individualist themes he had espoused all his life.

In one speech he accurately contrasted the underlying philosophies of individualism and collectivism: "We are for the ladder. Let all try their best to climb. They are for the queue. Let each wait his place until his turn comes." A Conservative Party campaign pamphlet based on Churchill's speeches elaborated on this: "The choice is between two ways of life; between individual liberty and state domination; between concentration of ownership in the hands of the State and the extension of ownership over the widest number of individuals; between the dead hand of monopoly and the stimulus of competition; between a policy of increasing restraint and the policy of liberating energy and ingenuity; between the policy of leveling down and the policy of opportunity for all to rise upwards from a basic standard."

Gilbert's new book is especially timely as the remarkable events of the past few years have vindicated Churchill's vision—his fighting on against Hitler in the dark days of 1940 so that "all Europe may be free and the life of the world may move forward into bright sunlit uplands"; his condemnation of Stalin's post-war domination of Eastern Europe; his 1946 proposal for a union of European states and a "partnership between France and Germany"; his post-war criticism of socialism and planned economies; and his lifelong devotion to free trade. So with the Nazis vanquished, Eastern Europe free and the Soviet Union dismembered, Western Europe united economically, France and Germany at peace, socialism discredited, and international trade at an all-time high, Churchill's place as the Man of the Century seems more than secure.

Maybe, in the end, an individual deserves to be remembered more for the single act of saving Western civilization than for the political principles that guided his public career for 60 years and enabled him to be in a position to do so. But the role those principles played should not be overlooked or forgotten, and those who believe that one individual can make a difference in altering the course of history may well agree with the words of Churchill's youngest daughter, Mary, in a note she passed to her 90-year-old father in his last days and with which Martin Gilbert closes his new biography: "In addition to all the feelings a daughter has for a loving, generous father," she wrote, "I owe you what every Englishman, woman & child does—Liberty itself."

Contributing Editor Michael McMenamin is a lawyer in Cleveland.

LIBRARY OF CONGRESS

MI CASA, SUE CASA

BY THOMAS W. HAZLETT

July 1992: "The old adage '*mi casa, su casa*' will be true when my house is the White House." —Candidate Bill Clinton

April 1993: "Several conservative Democrats in Congress complain that they and their constituents are being denied access to visit the White House in an ongoing war of nerves with President Clinton. House members who last month voted against the administration's economic policies say presidential aides are warning them they're on the White House's 'don't help' list. About 36 Democratic senators and representatives are on the list....Mr. [Pete] Geren, a conservative Democrat from Fort Worth, Texas, had worked for months to get approval for a [White House] tour for 80 senior citizens from his district. But approval for the full tour was denied suddenly after Mr. Geren voted against Mr. Clinton's $16 billion economic stimulus package, and only 40 were allowed into the White House." —*Birmingham Post-Herald*

April 1993: "Parents of 46 Brea Junior High honor students are upset because the White House has refused to let them get a special guided tour of the president's house when the students come to Washington in two weeks. They think they might be victims of politics and President Clinton's efforts to put the squeeze on Congress members....'Clinton's talking about how [meeting President Kennedy at the White House when he was a student] made such an impression on him, and he's not offering the same opportunity to my kids?' said John Zucman, whose 14-year-old daughter, Natalie, is disappointed she'll be going all the way to Washington without touring the White House." —*The Orange County Register*

Mr. Clinton came to Washington riding the ghost of Jefferson; he claimed to be a noble statesman who would take America up and beyond the meanness of the 1980s. His would be a government that would unite, not divide; it would bring the best in us together, rather than put the worst of us to predating upon our fellow man. It would bring peace and harmony out of strife, chaos, and gridlock.

Now his operatives target senior tourists and junior high school honor students for political retribution. And, naturally, lie to the press about it. The Clinton administration blithely dismisses "enemies list" accusations with a "tsk, tsk." But the public threats issued by representatives of the White House tend to undermine this claim of innocence: Howard Paster, Clinton's congressional liaison, says he will, "without apology," dutifully keep track of those representatives of the people who vote against the 43-percent president and consider the full panoply of reprisals—including cutting off tours for constituents—at his disposal.

Or, as President Clinton might put it today: *mi casa, sue me in court casa if you want to see my casa.*

In any language, Clinton's Conquistadores have focused like a laser not on the economy but on two key tactical angles: 1) talk sweetness (peace, brotherhood, bring America together, put people first, hugs, kisses, you're beautiful, babe) and 2) rip the internal organs out of your opposition.

Unemployment isn't merely bad; it's the "worst economy in 50 years." Leadership hasn't just failed to inspire; Republicans *hate* poor people. Now that Mr. Clinton is in power, the defamatory extremism of the campaign has been replaced by a viciousness unbecoming for a victor. As the Clinton administration continues its GOP rebuilding program with failure after failure, vindictiveness will become something of a civil-service obligation for federal employees.

This ugliness oozes not from one of the many gaps in Mr. Clinton's Swiss cheese–like soul but from the ideology that he has brought to D.C. Contrary to popular belief, he does indeed believe in something. He is a fanatical devotee of Government. Of Programs. Of Commissions. Of Emergency Security Councils. Of Summits. Of Beltway Experts. Of Washington Trickle Down. If Bill Clinton could paraphrase Robert Duvall's character in *Apocalypse Now*, he would bellow: *I love the smell of red tape in the morning!*

Ever since that sultry evening he wildly proposed marriage to Hillary after learning of her body heat for full funding of Head Start, he has lusted after the top-down approach to public policy. Bill aches with missionary zeal to be seen as the Caring Solution to America's Problems. And if that means shafting a few junior high school kids...*sue my casa.*

Inducing the common folk to pay for ambitious government programs that reek of sizzling bacon is a sales task that would daunt even a Mary Kay pink-Cadillac owner. In this light, the divide-and-conquer reflexes of the Clinton *apparatchiks* are a symptom, not a cause. The only way you can get the masses to cough up the multi-billions is by bait-and-switch: Look at those Rich People! (Got you to look; I stole your wallet!) Only by diversionary tactics can one gather the resources to pay for fabulous new deals—the sort any healthy young presidential he-man like Billy Clinton truly craves.

It was this hormonal combustion that Jack Kennedy famously ignited in the pubescent Billy Clinton. Isn't it hypocritical to—Wait just a minute: I hereby endorse the administration's policies and go one step further, recommending that the White House deny *any* junior high school tour requests from Arkansas. The social savings could be enormous.

Contributing Editor Thomas W. Hazlett teaches economics and public policy at the University of California, Davis.

"Mind Your Business"

Continental Currency

- designed by Benjamin Franklin
- unique denominations
- issued in 1776

It was a very different world in February, 1776. Thirteen embattled colonies stood up to the British throne. Americans had protested higher taxes with a very special tea party. There was an American army in the field fighting the British, and talk of independence was in the air.

In Philadelphia, the Continental Congress authorized issuance of $1,000,000 of paper money in denominations of less than $1.00. The purpose was two-fold:

1) to help finance General Washington's army.

2) to help address the problem of a chronic lack of small coins in circulation.

And that is why, for the first and only time in history, the United States issued paper money with the peculiar face values of 1/6 dollar, 1/3 dollar, 1/2 dollar and 2/3 dollar.

The design of these Continentals came from Benjamin Franklin. The obverse of each (pictured to the right) features the sundial and the slogan "Mind Your Business," reminding Americans of the importance of hard work, thrift and industry.

The reverse (pictured below left) shows a chain of 13 links, each labeled with the name of a different colony, surrounding the unifying motto "We are one."

These same designs were later adopted for the first U.S. silver dollar and the first copper one cent piece.

The notes were printed by Hall and Sellers, the Philadelphia firm that succeeded Benjamin Franklin's printing company.

With a total of 600,000 notes of each denomination printed, it is little wonder that these are scarce today. (Currently, the U.S. prints over 1 million notes *per hour*!) Most surviving notes are in ragged condition, often with severe damage or with missing sections.

For the past two years, our buyers have quietly accumulated over twenty complete sets of these notes, as well as a modest quantity of singles specimens.

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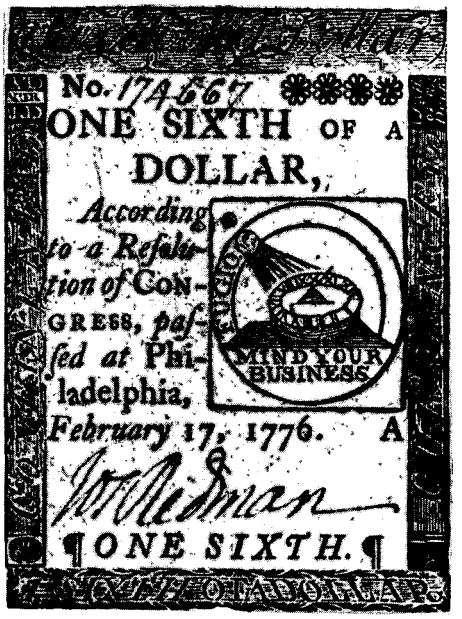
1/6 Dollar, 1776, reverse.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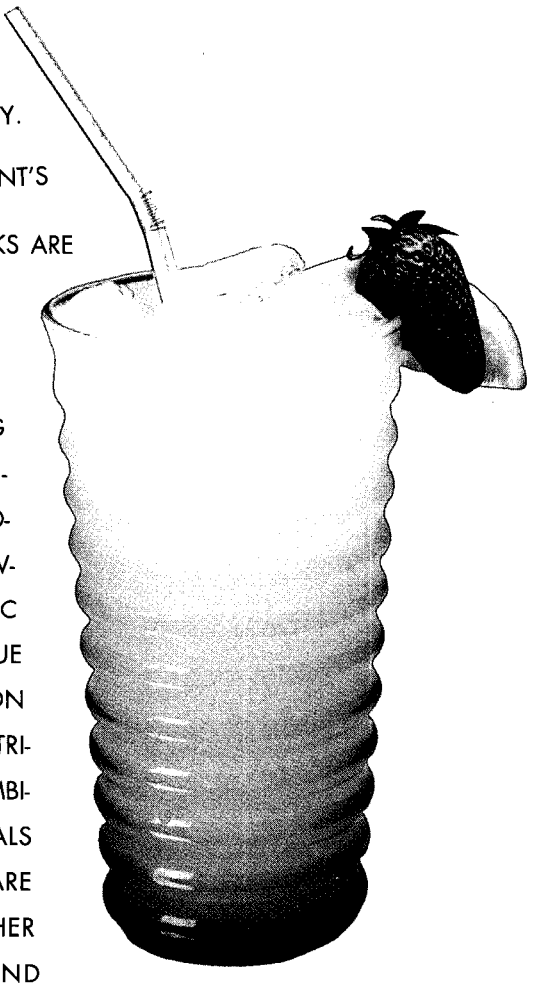

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